



## EUROPEAN NEWS

## Eanes expected to appoint civilian Prime Minister

BY JIMMY BURNS

LISBON, August 9.

PRESIDENT RAMALHO EANES of Portugal is widely expected to name the country's new Prime Minister by the end of this evening in an attempt to settle the country's two-week political crisis. Having consulted the political parties and the military Council of the Revolution, the President is now constitutionally entitled to present his decision for formal approval by the Portuguese Parliament. It was still unclear today who the new Prime Minister would be.

Despite the official secrecy surrounding the Premiership for the past 24 hours, there are growing signs that a civilian rather than a soldier would be

appointed to the post. The state radio this morning suggested that the Council of the Revolution had joined the majority of the political parties in urging Gen. Eanes to settle for a non-military Premier. In recent months, the council's only intervention in a major Presidential decision was when it opposed the promotion of a well-known right-winger to the rank of general.

The Socialist, Communist and Conservative parties have all made clear over the past week their preference for a civilian Prime Minister, arguing that the appointment to the post of a soldier would invest too much

political power in the hands of the armed forces. The President is a general and, by the terms of the constitution, the Council of the Revolution can veto Government legislation.

It is expected that the President will this afternoon present each of the main political parties with a list of five civilian possibilities from which to choose. If by the end of the day a consensus had not been reached he would appoint a soldier to the post.

So the crisis in a sense has returned to square one. Either the politicians agree among themselves or the President himself will again take the initiative.

## Smoking ban halts Statfjord project

By Fay Gjester

OSLO, August 9.

WORK ON Norway's biggest single offshore project, the Statfjord A production platform, was still at a standstill today because of a ban on smoking.

Some 700 platform workers—mostly Norwegians—went on strike last Sunday when the ban was put into effect. They have ignored appeals from union officials to return to work.

The oil companies developing the field, including Mobil and Statoil, Norway's state oil company, are losing large sums every day the dispute continues, and completion of the platform, which is already a year behind schedule, is being further delayed.

Workers on other rigs, where non-Norwegians have predominated, have apparently accepted without question the ban on smoking in so-called risk areas of a platform. The ban is enforced when production drilling starts because of increased fire hazard.

The Statfjord A workers are allowed to smoke in the platform's accommodation area, but only during meal and coffee breaks. They want rest rooms in their work areas where they can take short smoking breaks, and have demanded that special containers be set aside for this purpose. The difficulty of excluding inflammable gases from such containers would seem to make this idea impracticable, however.

Ray Dafter, Energy Correspondent writes: The companies participating in the Statfjord project have agreed to use ships for transporting oil from the field to shore terminals, at least for the time being. A decision on a permanent transportation system—possibly entailing the construction of a pipeline—will be taken early in the 1980s.

A separate transportation company is being formed, led by Statoil. The company, to be called K/S Statfjord Transport A/S and based in Stavanger, will comprise Statoil as operator, Mobil, Continental Oil, Esso, Norske Shell, British National Oil Corporation, Saga Petroleum, Amerasia Corporation, Amoco Energy and Texas Eastern Norwegian.

Statoil has already chartered two tankers which are specially equipped for offshore loading. The tankers, Polytrader and Polytraveller, each of 126,000 deadweight tons, are said to be the most advanced ships of their type.

## Increased W. German consumer demand shown by bank survey

BY JONATHAN CARR

BONN, August 9.

CLEAR SIGNS of an increase in West German consumer demand emerged from a survey of the retail trade just issued by one of the country's leading banks. It indicates that an accumulation of factors, including the drop in inflation and the low for interest rates on savings, are at work in stimulating West Germans to buy more.

The survey by Commerzbank shows that retail trade turnover in the first half 1978 rose by about 6.5 per cent in nominal terms against that of the same period last year. That means an increase in real terms of 3.5 per cent—a rise which the survey indicates could also be attained for the year as a whole.

## Dutch job losses feared

BY CHARLES BATCHELOR

AMSTERDAM, August 9.

THE GOVERNMENT'S plans for public spending cuts could lead to the loss of between 6,000 and 10,000 jobs in the Dutch building industry, according to one of the large building unions.

In the first detailed union reaction to the Government's austerity plan, the CNV Federation said more than 11 bn (€240m) of the 110 bn (€24bn) cuts proposed over the next three years would be in the construction sector.

This would have a serious impact on the country's 265,000 building workers, the chairman of the CNV building union, Mr. Dito Van Commenee, said. The figures released this week show that only 100,000 houses are expected to be built this year, 10,000 less than forecast. Reasons for the drop are the slow pace of building work in employment for one year.

The Government's savings measures provided for a reduction in the rate of building local

authority homes for rent and of subsidised houses for sale. Spending on schools, hospitals and Government buildings will also be reduced.

The union is also worried that the Government will give the local authorities more freedom in drawing up house construction programmes. This is expected to lead to fewer houses being built.

The public spending cuts were announced at the end of June. The proposed cuts come at a time when house building activity is already declining.

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## Social Democrats back talks on Danish coalition

BY OUR OWN CORRESPONDENT COPENHAGEN, August 9.

THE DANISH Prime Minister, Mr. Anker Joergensen today received the backing of his Parliamentary group to continue talks with the Liberal Party on the possibility of forming a coalition government. The Prime Minister's mandate from the group is for the formation of a Social Democratic-Liberal-Radical majority government and this mandate has not changed to date, said group chairman Mr. Jens Rissgaard Knudsen, following the meeting.

After negotiations between the Social Democrats and the Liberals yesterday, the Prime Minister said that both sides had agreed that other parties should only be brought into the talks if both the Social Democrats and the Liberals agree.



Mr. Anker Joergensen

Democratic Government would be even stronger, but there was no hint of disagreement in the Social Democratic group after today's meeting.

## The need for a marriage

BY HILARY BARNES IN COPENHAGEN

DENMARK IS one of the most credit worthy countries in the world in spite of a Dkr 51bn (€8.8bn) net foreign debt at the end of last year, equal to 18.4 per cent of gross domestic product, the kind of debt ratio associated with LDCs in acute financial distress. No one is more aware than the government that Denmark's good credit rating can not last for ever if the debt is not stabilised soon.

This is the underlying reason for the attempt Mr. Anker Joergensen, the Prime Minister, has been making since May to expand the Social Democratic minority government into a majority coalition.

Mr. Joergensen and his senior advisers feel that only a majority government can carry out the effective incomes policy deemed essential to control inflation, improve competitiveness, and induce export-led growth.

So far the attempt to broaden the Government has not got far, but the negotiations gained new impetus this week.

Mr. Joergensen has tried to get a coalition with the Liberals (a party with strong links with the country's farmers, and the second-largest opposition party, after the tax-abolitionist Progress Party) and the Radicals (a small party which has often supported Social Democratic governments in the past).

Something may still come of this combination, but after a meeting between the Social Democrats and the Liberals on Tuesday it was rumoured that a Social Democratic-Liberal coalition was now the preferred alternative.

Although such a coalition would control only 86 per cent of the Folketing's 179 seats, it could be certain of overwhelming parliamentary support.

If anything is going to come of the talks it should do so fairly soon. On August 15 the 1979 budget will be published. In September, next year's income tax scales have to be fixed, and line in the first week of October, for new parliamentary year begins.

At that point Mr. Joergensen will have to decide if he has not fixed up a coalition, whether to chance his arm without any formalised support from other parties or to shake things up with an election, which would come about 21 months after the last. The Social Democratic press has been full of hints to the effect that the party is not afraid to go to the polls.

Mr. Joergensen is said to have fixed up a coalition party programme, but even the Finance Minister, Mr. Knud Heinesen, would-be entrepreneurs, and says that he has not actually seen the two key economic policy private pension schemes. Finally corporate income tax would be raised from 37 to 40 per cent.

The first is a tough incomes policy; the second a fiscal policy for 1979 which will reduce the forecast 4 per cent real growth of private consump-

tion to 1.2 per cent, which would be consistent with the current account deficit for the third successive year.

The two policies are interdependent. Fiscal policy could be less harsh if there were a guarantee that incomes policy would be really effective.

There are two stumbling blocks. One is that the two-year wage agreements between the trade union federation and the employers only expire next March, which means that any incomes policy fixed this autumn has to stick next spring.

The other is that the Social Democratic-Liberal coalition would be a minority government, and the Liberals would be in opposition.

the votes of assorted left-wing parties as they would clearly make it impossible to obtain the support of the centre-right parties on the bread and butter economic policy issues.

The hard realities of the economic situation are that unemployment this year will average over 8 per cent, while GDP growth will be 1.5 per cent, as compared with rising 1.8 per cent last year. The average consumer price level is expected to be about 10 per cent higher than in 1977 while earnings will only rise by 6.9 per cent, with private consumption therefore likely to show a small decline.

Although fiscal policy was tightened up last autumn with a round of indirect tax increases there is a substantial budget deficit. Most of it is being financed from the non-bank sector, however, with the result that the money supply, M1 and M2, has only shown an increase over the past 12 months of 6.7 per cent.

The current account deficit has come down from Dkr 11.6bn in 1976, a record 4.5 per cent of GDP, to Dkr 10bn last year, and after a shaky start to this year, may reach the Government's target reduction to Dkr 7.5bn this year, though some economists think it will be Dkr 8.8bn. The aim is a reduction of 3.4 per cent of GDP, which could be financed by normal private sector borrowing.

The brightest prospect at the moment is the fight against inflation. Excluding indirect tax increases, consumer prices have risen by about 7.5 per cent over the past year and at an annual rate of 4.2 per cent in the second quarter. The Ministry of Finance now expects the rate of price increase in 1979 to be about 5 per cent only, which would be easily the best performance for a decade.

If this progress can be kept up, and the growth of incomes brought down to perhaps 5.6 per cent next year, ministry officials believe that it will have a substantial impact on export performance quite quickly.

The four centre-right parties recently predicted a new wage explosion next year, strengthening the cause for incomes policy, but ministry officials agreed that 8.9 per cent was a reasonable guess on present assumptions, and against the background of the tight fiscal and monetary policies.

This, however, would not provide for the significant improvement in the relative cost level in Denmark compared with other countries. The slowdown in wage growth by an extra three percentage points is what politics in the autumn will be all about. The task is not easy, as past experience indicates. In no year since 1960 have wage rates risen by less than 8.2 per cent and the average for the 17 years to 1977 was 12.1 per cent.

Neighbouring Kazakhstan is one of the largest Asian republics and Alma Ata, the capital, is nearly four hours' jet flight east of Baku. It spreads like one enormous leafy suburb at the foot of a snow-capped mountain chain. Some 100 miles beyond the mountains lies the Russian empire for protection against nomadic incursions in the 19th century. This former backward land of nomadic herdsmen has since become one of the most economically dynamic areas of the USSR, and these two factors have contributed to a clearly easygoing relationship between Russians and indigenous Kazaks.

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## Angolan refugee airlift planned

BY OUR OWN CORRESPONDENT

LISBON, August 9.

PORTUGUESE AND Angolan officials have begun to collaborate in an airlift of Angolan refugees who have applied for repatriation, it was reported here today.

According to the United Nations High Commission for Refugees here 2,347 Angolans have applied for the necessary documents so that they can return to their country of origin. Most are expected to be back in Angola by the end of the year.

The airlift is being organised on a fortnightly basis from this month, and the commission and the Portuguese Ministry of Foreign Affairs accept responsibility for the immigrants' safe passage out of Portugal. About 260 Angolans, mainly teachers and small merchants with their families, have already returned

to Angola under the arrangements, which are being co-ordinated through the Angolan Embassy here.

Repatriation of some of the 7,000 nationalised Angolans who fled their country following the outbreak of civil war there, was one of the main issues discussed by President Ramalho Eanes and President Agostinho Neto of Angola during their summit meeting in Guinea Bissau in June. Both the Portuguese and Angolan Governments have a considerable stake in seeing the matter of the refugees settled as quickly as possible and efficiently as possible, having re-established diplomatic relations.

The influx into Portugal of nearly 1m settlers and refugees from the former African

colonies in 1975 and 1976 put severe strains on the Portuguese economy. The Government is believed to have spent almost £100m creating employment for the refugees and settlers, and about £150m housing them in hotels, camps, and prefabricated villages.

With Portuguese unemployment estimated at about 13 per cent in addition to an acute housing shortage, the integration of the refugees into Portuguese society has become an almost insurmountable problem.

By contrast Angola, a country of seemingly limitless economic potential, with a self-sufficiency in energy, is still desperately short of manpower, and could well afford to re-integrate many of its former subjects.

## Swiss foreign reserves rise sharply

BY JOHN WICKS

ZURICH, August 9.

FOREIGN currency reserves of the Swiss National Bank rose by SwFr 2.01bn during the week ended August 7 to SwFr 20,595bn. This sharp rise is attributed primarily to one-month and 12-month swap transactions with commercial banks amounting to \$180m and \$147bn, respectively.

Further foreign currency inflow resulted from National Bank interventions on the foreign exchange market to sup-

port the dollar and from a further repayment by the U.S. Treasury of bonds denominated in Swiss francs.

The increase in reserves would, therefore, have been substantially larger but for dollar investments by the Bank resulting from the repayment of end-of-July swaps with commercial banks and from obligatory conversion into dollars of proceeds from foreign Swiss franc borrowings.

## Italian search for offshore oil

By Our Own Correspondent

ROME, August 9.

ITALY has begun offshore oil exploration in the outer depths of its southern continental shelf which dips from 200 metres to 1,000 metres.

The Statoil hydrocarbon group, Ente Nazionale Idrocarburi (ENI), said its oil subsidiary AGIP had started exploration activities in the F zone of Italy's territorial waters off the southern coast of Calabria.

The Statoil group has secured nine oil exploration licences

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## Central National Bank of Cleveland-Consolidated Balance Sheet

(In Thousands of Dollars)

Assets	June 30, 1978	Liabilities	June 30, 1978
Loans.....	\$ 859,373	Deposits.....	\$1,744,763
Investments.....	749,989	Borrowed Funds.....	287,740
Cash and Due from Banks.....	507,419	Other Liabilities.....	43,502
Other Assets.....	100,293	Total Liabilities.....	2,081,005
Total Assets.....	\$2,217,079	Capital.....	136,074
		Total Liabilities and Capital.....	\$2,217,079

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Central National Bank of Cleveland

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All of the Bonds having been sold,  
this announcement appears as a matter of record only

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US\$ 75,000,000

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Morgan Stanley International Limited

Société Générale

Swiss Bank Corporation (Overseas) Limited

## OVERSEAS NEWS

## Lebanon's conflict brings economy to a standstill

BY ASAN HAJAZI

BEIRUT, August 9.

CONTINUING FIGHTING and the impact of the Lebanese economy which has been trying hard to recuperate from the tremendous losses suffered during the civil war in 1975 and 1976.

Representatives of economic organisations and trade unions have issued a statement after a joint statement issued after a meeting with President Elias Sarkis, they said the country's economy is on the brink of disaster.

Prime Minister Selim al-Raghib, a former banker, was reported by his aides to be profoundly concerned about the economic situation.

Since the present round of violence began 40 days ago, business activity has been at a virtual standstill. The banks, most of which have their offices in the tensest areas, have reduced their activities to a minimum with clearing operations dropping to their lowest level since the war ended two years ago. Government offices have been paralysed and

very few factories are still operating. The closure of the Beirut harbour, the country's main outlet for imports and exports, has been a major factor in the growing economic malaise.

The port is located at the edge of the predominantly Christian quarter of Al-Saifi, scene of fierce clashes during the past few weeks between Syrian troops of the Arab Palestinian force and Christian militia. Government efforts to have the port reopened have thus far met with total failure.

Of particular concern to businessmen is the amount of the goods stockpiled in the harbour warehouses. Their value has been estimated at around \$300m. These businessmen recall that a considerable part of the harbour was destroyed during the civil war. The government has moved a substantial amount of the port to protect it from looting by the force has not been able to ensure total security.

Meanwhile, renewed artillery exchanges between the Syrians

and Christians militias in East Beirut this morning shattered the relative quiet. The shelling later eased but the situation remained tense.

President Sarkis headed a meeting by the cabinet at which the general security situation and the impasse in southern Lebanon were discussed.

Reuter adds: Former President Mr. Camille Chamoun, leader of the right-wing National Liberal Party (NLP), described the Syrians as "blood-thirsty assassins" in a statement published in the rightist press. Syria in turn has taken to labelling the NLP and Pierre Gemayel's Falangist party "gangs of murderers".

The two sides routinely accuse each other of provoking the increasingly frequent battles which have left parts of East Beirut deserted. Thousands of citizens have been driven away from the city to the safety of traditional strongholds of the Maronite Christians who make up the bulk of support for the rightist organisations.

## Desai facing defeat in Parliament

By K. K. Sharma

NEW DELHI, August 9.

MR. MORARJI DESAI's Janata Government faces its first major parliamentary defeat to-morrow when the Upper House debates corruption charges against Mr. Desai's son and relatives of Mr. Charan Singh, the former Home Minister.

The debate in the Rajya Sabha is on a motion by Mrs. Indira Gandhi's Congress Party calling for the appointment of commissions of inquiry into the charges. The allegations were made in correspondence exchanged by Mr. Desai and Mr. Charan Singh before the latter resigned a month ago.

The Janata Party is in a minority in the Rajya Sabha. Most opposition parties are supporting the motion and the Government's defeat is certain. This would not be serious but for the prospect of another defeat in the Lower House on a similar motion on Saturday.

The Janata is in a majority in the Lok Sabha but is sharply divided on its approach to the motion and many members are insisting that the whips should be off. The Government may lose if a substantial number of Janata Members stay away from the House at the time of the vote as followers of Mr. Charan Singh are suggesting.

If the motion were carried in the Lok Sabha, the Government would be extremely high while that of the EPLF appears to be much lower.

The EPLF is believed to have suffered heavy losses, as well as large quantities of supplies and arms. There are reports that large numbers of EPLF fighters have switched to the EPLF.

Having, according to its own account, been engaged in no fighting, the EPLF now has considerably greater forces at its disposal than the EPLF and it is no longer tied down in a number of towns, its forces are free to operate widely against the Ethiopians.

With Ethiopian forces continuing their build-up in the newly recaptured ELF areas the next few weeks are likely to prove decisive for the future of this group.

## China-Japan treaty talks enter last round

BY JOHN HOFFMANN

PEKING, August 9.

THE FOREIGN MINISTERS of China and Japan met today for the last round of negotiations on a Sino-Japanese peace and friendship treaty.

The talks were described as frank, suggesting that both sides took pains to spell out their positions on the troublesome "anti-hegemony clause," which has been the principal obstacle in referring to a particular power.

Mr. Sonoda made this point clear during today's discussions with Mr. Hua. In reviewing China's insistence on the inclusion of the clause, which opposes domination of any region by one nation, Japan's view is that the clause refers to China's suspicions of Soviet Union expansionism in Asia and the Pacific. Japan has been reluctant to endorse a statement which would align it against such a powerful nation as the Soviet Union.

The Japanese Foreign Minister, Mr. Sunao Sonoda, arrived in Peking yesterday to talk with his Chinese counterpart, Mr. Huang Hua. The two Governments have agreed to meet for three days, building on negotiations carried on in recent weeks by Foreign Ministry

officials. If the talks are successful, the treaty could be signed by the weekend.

The Soviet Union has warned Japan that it will take offence if the treaty is signed with the anti-hegemony clause included. However, during working-level talks between China and Japan, Minister that people all over the world were watching the developments.

He suggested that both the Japanese and Chinese Governments would be concluding if the treaty were not concluded at this stage.

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ter until the New China News Agency announced that diplomatic relations had been established, Libya had had diplomatic ties with Taiwan, but informed sources said at the time of Major Jalloud's arrival there were no Libyan diplomats in Taipei.

The move was seen in Peking as a further example of China's expanding diplomatic activity in the Arab world in rivalry with the Soviet Union.

China and Libya have signed a joint communiqué establishing diplomatic relations between the two countries, Reuter reports from Peking.

The decision to establish diplomatic relations came during the visit to Peking of a top Libyan leader, Major Abdel-Salam Jalloud, who arrived in the Chinese capital last Friday for an official visit.

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## Tokyo surveys confirm recovery

BY ROBERT WOOD

TOKYO, August 9.

CAPITAL SPENDING by Japanese industry is rising and is moving more erratically than those of other industries. The power industry is known to be expanding its capital spending rapidly, so the statistics probably understate the total rise.

The first report, a survey of business orders for machinery, showed that capital spending rose 14.8 per cent in the April-June quarter after a decline of 4.7 per cent in the first quarter. Business plans indicated continued growth for the rest of the year, the agency said.

The second report, a survey of business orders for machinery, showed that such orders declined 7.3 per cent in the second half of the year, the agency said. The decline, of 6.8 per cent after seasonal adjustments, had been expected. The agency predicted that new machinery orders would jump 22.3 per cent in the third quarter.

Machinery orders are generally a leading indicator of capital spending, but the statistics omit

orders by the electric power industry because they are said to move more erratically than those of other industries. The power industry is known to be expanding its capital spending rapidly, so the statistics probably understate the total rise.

Because of declining investment in the first quarter, the overall rise for business investment in the first half of the year was only 1.1 per cent compared to the second half of last year, the survey of capital spending showed. The Economic Planning Agency expects an increase of 7.3 per cent in the second half of the year.

The manufacturing sector spent 4.3 per cent less in the first half than in the previous period and was expected to spend 1.1 per cent less in the second half. But the non-manufacturing sector increased its spending by 6.4 per cent in the first half and was expected to increase it by an additional 12

per cent in the second half. This is consistent with a recent shift in Japan's domestic economic growth from manufacturing to services, leisure development, restaurants and trade.

The indicators released today were the latest of several showing that the Japanese economy is recovering under continued Government economic stimulus. Department store sales have been brisk, business earnings have been improving, and the broadly defined money supply was 12 per cent higher in June than a year ago.

These indicators have not yet sparked a full revival of business or political confidence. Businessmen are particularly worried about the most recent upsurge in the value of the yen, and they are still reducing inventories. Pessimists note that both industrial production and ship-ments dipped in June, although they had risen in the earlier months of this year.

## Sri Lanka travel ban for witnesses

By Mervyn de Silva

COLOMBO, August 9.

A PRESIDENTIAL commission inquiring into abuses of power by the Sirimavo Bandaranaike Government today ordered police to prevent six people from leaving the country.

The commission said they are to be summoned as witnesses. The list includes the former Mayor of Colombo and Justice Minister, Felix Bandaranaike's permanent secretary. Others are a former Member of Parliament and the chairman of a petroleum corporation.

The new constitution was passed last night with only seven Freedom Party members voting against it and the Tamil United Liberation Front absent as the vote was taken. Earlier the Government withdrew the most controversial section. Both opposition leader Amirthalingam and Mrs. Bandaranaike saw President Jayawardene to protest against a provision which makes it an offence to advocate or agitate for amendments.

## Eritreans return to attack

BY DAN CONNELL

KHARTOUM, August 9.

GUERRILLAS FIGHTING for the independence of Eritrea claim that the military situation in the province has stabilised after the last weeks of rapid advance by Ethiopian Government forces. They say they have already begun guerrilla actions behind the now-extended Ethiopian lines.

Since mid-July Ethiopian regular troops and militia have retaken most of the major towns in the southern part of the province and reopened lines of communication to Adana which has been under siege for nearly a year. One of the two main guerrilla groups, the Eritrean Liberation Front, suffered serious battlefield defeats. The shift in the balance of power among other main groups, the Eritrean People's Liberation Front, insists that it deliberately abandoned

the towns it was holding before the Ethiopian troops arrived in order to force their forces for offensive actions.

Eritrea, taken what it is capable of doing, and that's the end of its advance as far as we're concerned," according to the chairman of the Eritrean People's Liberation Front, the EPLF, which operates in the regular troops and militia have retaken most of the major towns in the southern part of the province and reopened lines of communication to Adana which has been under siege for nearly a year. One of the two main guerrilla groups, the Eritrean Liberation Front, suffered serious battlefield defeats. The shift in the balance of power among other main groups, the Eritrean People's Liberation Front, insists that it deliberately abandoned

the towns it was holding before the Ethiopian troops arrived in order to force their forces for offensive actions.

territory said that EPLF morale is extremely high while that of the EPLF appears to be much lower.

The EPLF is believed to have suffered heavy losses, as well as large quantities of supplies and arms. There are reports that large numbers of EPLF fighters have switched to the EPLF.

Having, according to its own account, been engaged in no fighting, the EPLF now has considerably greater forces at its disposal than the EPLF and it is no longer tied down in a number of towns, its forces are free to operate widely against the Ethiopians.

With Ethiopian forces continuing their build-up in the newly recaptured ELF areas the next few weeks are likely to prove decisive for the future of this group.

AFTER THE MAURITANIA COUP  
Breaking political logjams

BY SIMON JORGAN



A MONTH after coming to power the new regime in Mauritania seems to be making good headway in its principal objective—ending the crippling conflict in Western Sahara.

It was that conflict which brought down the regime of President Mokhtar Ould Daddah, who ruled the north-west African state from independence in 1960. From early 1976, when Mauritania was given a share of the former Spanish Sahara by Morocco, which took the lucrative phosphate deposits, there has been nothing but trouble for the Government in Nouakchott.

Algeria backed the Polisario guerrilla movement which has been devastating raids both on the Mauritania share of Sahara and on Mauritania itself, sharply reducing output from the mines at Zouerate. The army had to be expanded from about 1,500 men to nearly 17,000, as expelling the Polisario cost the Treasury some 10,000 troops from Morocco arrived in Mauritania to help defend it and France had to send Jaguar strike aircraft to Mauritania's assistance.

The pressure of a worsening economic situation and a war which was becoming increasingly unpopular, especially with the black population from the south of the country, led to President Ould Daddah's overthrow in July by the chief of staff, Lt-Col. Mohammed Ould Sakhir, who immediately made clear that he had taken power to save the economy from collapse and to end the war.

Economic recovery is only possible if the war ends. Soon after the coup, Polisario declared a ceasefire in the Mauritania sector of the disputed territory as a "goodwill" gesture. There are reports that Colonel Ould Sakhir had secret talks with President Houari Boumedienne of Algeria at the recent OAU summit in Khartoum. France is

known to have severed its relations with Algeria, which could be crucial in settling a settlement and President Houari Boumedienne has offered his services as a mediator. Spain is also taking an active part in the negotiations.

The Mauritania coup is undoubtedly the main factor in breaking the logjam which has been preventing moves towards a settlement—a settlement which all parties to this complex dispute are increasingly anxious for. But the problem is to find a solution that all parties can accept, and both King Hassan of Morocco and President Boumedienne have stated their political reputations on opposing sides of the conflict.

One idea put forward is that Mauritania should allow a semi-autonomous Polisario government to establish itself in its section of the Sahara, and allow Algeria access to the Atlantic for its own iron exports from mines near Tindouf. Other elements of a possible settlement which have been discussed are joint exploitation of Morocco and Algeria of the Bou Craa phosphate deposits in the northern part of Sahara and joint exploitation of Tindouf, to which Morocco has an outstanding claim.

A resolution of the conflict is particularly crucial for Mauritania, the survival of the new regime depends on it. Defence takes up more than half of the national budget and as a result of this drain on resources important development projects have been stalled. Two of them, the oil refinery at the port of Nouadhibou and a sugar refinery, have been shut down without ever operating.

Because of the Polisario attacks on the Zouerate mines and the skilled French work force have left and exports of iron ore have fallen from 12m tonnes in 1974 to 8.5m last year.

worth \$62.9m, and accounting for 85 per cent of exports.

While iron ore has been affected by the war, agriculture has been badly affected throughout this decade by drought which has destroyed 90 per cent of cattle, the country's main agricultural resource, in the early 1970s, along with many camels, sheep and goats. Cattle herds have now recovered to around 1.3m head but to little benefit for the Mauritania economy.

Nomadic herdsmen prefer to sell their cattle illegally on the hoof to neighbouring Senegal, Mali or even the Ivory Coast to obtain hard currency. As a result, the Government's abattoir at Kaedi runs at 15 per cent capacity. Cereal crops of millet, sorghum and some rice are mostly grown by traditional food culture on the narrow strip of land adjoining the Senegal river—virtually the only fertile area in this vast desert country, twice the size of France with a population of only 1.5m inhabitants. However, the river has been repeatedly failing to rise to a level sufficient to irrigate crops causing severe grain shortfalls. While admitting the severity of the problem, officials claim Mauritania exaggerate the extent of the drought to qualify for more aid.

This year the harvest is down to 21,000 tons, a shortfall of around 180,000 tons and a third of normal production. Last year's crop was only 35,000 tons. Some 70,000 tons of grain have been promised to make up the deficit after Government purchases have been taken into account. The real problem is now considered to be that of animal feed, as pastures are badly hit by drought.

Aid officials believe that the assistance provided in the past has led farmers to planting fewer crops, knowing that any shortfall will be made good. The problem of food shortages is also exacerbated by the fact that

At a meeting in Saudi Arabia, backers agreed to provide the bulk of the \$680m financing required and both the European Development Fund and the World Bank have given assurances of support. Already a considerable amount of the financing has been secured, notably \$35m from the Saudi Development Fund. This project is crucial for Mauritania as it is designed to ensure iron for export when the present mines are exhausted.

But the area to be exploited is in Polisario's area of operations. Mauritania's development depends desperately on peace.

New issue August 10, 1978

All these bonds having been sold, this announcement appears as a matter of record only.

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## AMERICAN NEWS

## Carter's need for success at Camp David summit

BY DAVID BUCHAN

WASHINGTON, August 9.

THE MIDDLE EAST summit at Camp David, apart from its consequences for peace in that region, important domestic political implications for President Carter.

If the gamble of the September 5 summit pays off by giving a fresh impetus to the faltering Egyptian-Israeli negotiations, Mr. Carter will go into the mid-term congressional election campaign in the autumn with his political fortunes much enhanced.

Saying the President was "still the biggest drawing card in America," Mr. John Edwards, the Democratic Party chairman, said this week that Mr. Carter had committed himself to campaigning for democratic candidates on at least three or four days a month in the autumn campaign. Mr. White said the President and his Cabinet had promised to make 400 political appearances in advance of the November

elections, despite statements by several Democratic candidates who hoped that Mr. Carter would stay clear of their election campaigns.

Mr. Carter returns today from New York where yesterday he had the task, welcomed by politicians of New York state and city, of signing the \$1.6bn Federal Loan Guarantee Bill for the hard-pressed city. This came in a week which also saw Presidential forays to northern Virginia and North Carolina. Both visits were rated as successful by White House aides, and accorded with their advice that Mr. Carter should make himself more visible to the public, only 38 per cent of which approved of his conduct of the presidency at the end of June (according to a New York Times poll). The proportion compared with 46 per cent good job in April, and 64 per

## World Bank defies U.S. over loan to Vietnam

By Our Own Correspondent

WASHINGTON, August 9.

THE WORLD BANK yesterday over-ruled U.S. objections and approved its first loan to Vietnam—\$60m for an irrigation project.

It seems likely, however, that obstructionist tactics by the U.S. will come to an end next year. The House of Representatives last week passed amendments to the 1979 Foreign Aid Bill that would have blocked the use of U.S. money in World Bank lending to six countries, including Vietnam.

Last year the Carter Administration reluctantly ordered its World Bank executive director to cast his vote against loans to certain countries, so as to persuade Congress to drop similarly restrictive amendments passed by the House.

This year the Administration, working with liberal Democrats, succeeded in killing these amendments on the House floor.

Thus, much to the relief of the World Bank, which insists that it cannot accept money that is earmarked in this way, the U.S. is likely to stop voting against loans to countries on political grounds in the next fiscal year. Earlier this year it voted against a loan to Laos.

When the House continues its consideration of the Foreign Aid Bill, probably next week, the Administration will still face two major threats to its proposed contributions of \$2.5bn to the World Bank and other international lending agencies. The first will be an attempt by the Foreign Aid Bill floor manager, Rep. Clarence Long, to cut those contributions by a further \$880m.

The second will be an attempt by protectionist Congressmen to ban the use of U.S. money in World Bank loans to specific projects which they consider will compete with U.S. producers. Last year, to the displeasure of the World Bank and the Administration, the House required that no U.S. money go to citrus, palm oil and sugar projects.

## Japanese exports claimed to be 'at turning point'

BY ROBERT WOOD

TOKYO, August 9.

JAPAN'S exports are showing definite signs of decline, Mr. Shiro Matsumoto, director of the international trade policy bureau of Japan's Ministry of International Trade and Industry, said in a Press conference today.

"Japan's exports now seem to be at a turning point," he said. Mr. Matsumoto distributed a Government-compiled trade index showing that exports declined 2.5 per cent in volume in the second quarter of this year compared to the previous year.

The decline was 2.2 per cent in yen terms, but because of the rise in the yen's value and accompanying price increases, exports were up 20.9 per cent in dollar terms.

It was the first decline in yen or dollar terms in recent quarters, and Mr. Matsumoto predicted further declines ahead. He said export approvals, a

statistic to be he announced by his ministry on Friday, showed a decline in yen terms.

Steel, television, textile and ship exports all declined in the second quarter. Mr. Matsumoto said many of these were meeting price resistance in export markets.

Motor and chemical exports were still rising, but he said most exports seemed to be meeting increasing resistance abroad. The share of Japanese cars in new motor registrations in the U.S. during the first 20 days of June declined sharply, he said.

Mr. Matsumoto acknowledged that imports had not been rising as Government officials had hoped. They increased by only 7.7 per cent in dollar terms in the second quarter, compared with last year. (This meant they declined significantly

## EEC agrees limits on wool from Argentina

By Rhys David

EXPORTS OF Argentinean wool textile cloth to the UK are to be brought under restraint under a new five-year agreement negotiated by the EEC Commission in Brussels.

The agreement will limit the Argentines to shipments of only a further 60 tonnes in the period from August to December, bringing total exports to the UK for 1978 up to around 225 tonnes compared with 203 tonnes in 1977. Imports next year will be limited to 245 tonnes and will be allowed to grow annually by 20 tonnes to 305 tonnes in 1982.

The new restriction comes after a period of considerable pressure by the UK industry and will be seen as evidence that the EEC is anxious following recent criticism, to demonstrate its readiness to utilise machinery it now has to control disruptive imports.

Like other recent entrants into textile exporting, the Argentines have developed a rapid assault on the UK market, increasing sales from 28,000 sq metres in 1976 to 726,000 sq metres last year. Sales so far this year have reached 641,000 sq metres. The cloth supplied has been both woollen and worsted and of good quality, and because of its low price has found ready buyers among the traditional customers of the Yorkshire textile industry.

UK producers believe the Argentinean prices—23 per net for a good quality worsted compared with £120 from a Yorkshire mill—have been set at uneconomic levels in order to gain market entry and market share.

The EEC's move, which affects only Britain of the member countries, was welcomed by Mr. Peter Richardson in Bradford who said it demonstrated that the GATT Multi Fibre Arrangement could be made to work.

The Commission has been under heavy criticism from various parts of the UK textile industry over recent weeks as a result of its apparent reluctance to take action along the lines laid out in the MFA bilateral agreements with supplying countries to control imports where these exceed certain fixed levels.

## New York papers face stoppage

BY JOHN WYLES

NEW YORK, August 9.

NEW YORK'S three daily newspapers face possible stoppages tonight unless there is a breakthrough in negotiations with the Pressmen's Union today.

The possibility that management employees would be able to maintain publication in the event of a strike disappeared yesterday when the delivery drivers' union promised to honour the pressmen's picket lines.

The Publishers' Association of New York, representing the New York Times, the Daily News and the New York Post, is seeking substantial manning reductions in a new contract with the press-

men to replace one which expired at the end of March. The newspapers had threatened to impose new working arrangements from 8.30 p.m. last night but the deadline was deferred yesterday until 6 p.m. tonight at the request of a federal mediator.

The pressmen, who operate the printing machinery, say they will walk out if new manning arrangements are unilaterally imposed. The manning dispute arises from the introduction of new printing technology at all three newspapers which has reduced the number of workers required in the pressrooms by nearly half.

The publishers are seeking a gradual reduction in employment based on the guarantee of five working shifts a week to employees who have worked continuously for one newspaper since August 1975, and who have worked at least 200 shifts at their newspaper during 1977.

Figures released yesterday suggested that about 1,100 people work in the pressroom of the New York Times at some time during a year, but only about 500 would qualify for the five-shift guarantee. The Times estimates that it needs fewer than 400 regular employees in its pressroom.

## Curb on regulatory bodies urged

BY DAVID LASCELLES

NEW YORK, August 9.

TREATY Presidential powers over federal regulatory bodies are recommended by the American Bar Association in a draft report on reform of the regulatory system. But in a parallel proposal the Association calls for a reduction in the scope of federal regulation in the interests of the free market.

The lawyers' professional body as yet to adopt the proposals, a strong case, presumably, an anticipation of opposition to the idea of bringing politics into regulatory bodies like the Civil

Aeronautics Board and the Federal Communications Commission.

Such bodies have traditionally cherished their independence and it has long been a tenet of U.S. politics that they should perform their duties free from interference by the executive branch. The Bar Association's report argues that Government regulation has in many cases eluded control by elected officials. It says that the scope and complexity of regulation is now such that it should be co-ordinated at a higher level.

## Import curbs help Barbados

By Tony Cozier

BRIDGETOWN, August 9. MEASURES to curb imports have had the desired effect of improving the economy of Barbados, Mr. Tom Adams, the Prime Minister, has said here.

Addressing a meeting of overseas diplomats, Mr. Adams said that his Government had to give against a popular tide of understanding of the desperate state of its balance of payments problem in order to prevent the economy falling into international bankruptcy.

In 1976 there was a trade deficit of US\$139.7m. In 1977, 192.1m. Such measures to limit imports as licence restrictions, higher consumption taxes on luxury items and stricter credit controls have had their effect.

"In fact, my advisers told me that, on an available volume of about \$5.5m will come out by the end of the year and, at that time, our international reserves should show an increase of some \$13.5m."

## Casino move in Florida

BY OUR OWN CORRESPONDENT NEW YORK, August 9.

AFTER NEW JERSEY, Florida could become the next state outside Nevada to legalise casino gambling. Petitioners in the state announced last night that they had gathered the 250,000 signatures necessary to get a vote on the issue in the November 7 elections.

But the going will be tough. State Governor Reubin Askew is strongly opposed to the idea and has vowed to fight it on moral and religious grounds. An opinion poll commissioned by Golden Nugget, the leading Las Vegas casino concern, also revealed recently that 47 per cent of the state's population were against casinos, 46 per cent were in favour and 7 per cent were undecided.

However, the petitioners have the powerful backing of almost the entire Miami Beach hotel industry which is prepared to spend large sums for an amendment which would provide a much-needed boost to trade.

Apart from the Governor, the opposition consists of other

gambling organisations, like horse and dog tracks, and the Chamber of Commerce, which is striving to transform Miami into a respectable banking and business convention centre.

## Sra. Letelier sues

The widow of the late Chilean Foreign Minister, Sr. Orlando Letelier, filed a federal suit yesterday which named the government of Chile as among those responsible for the murder of him two years ago, Reuter reports from Washington. The suit also named as defendants four Chilean secret police officers. The suit, asking for more than \$10,000 in damages, is believed to be the first brought against a foreign nation in the U.S. for wrongful death. Eight people, including Gen. Juan Contreras, the former Chilean secret police chief, were indicted last week in Washington on charges of plotting the murder. The U.S. has asked Chile to extradite him and others for trial.

## Leaders of Andean Pact seek closer co-operation

BY SARITA KENDALL

BOGOTA, August 9.

THE NEW Colombian head of state, Julio Cesar Turbay Ayala, began his 1978-82 Presidential term with an Andean summit meeting yesterday. Attended by the Presidents of Bolivia, Ecuador and Venezuela, the meeting was the first in the nine-year-old Andean Pact.

The declaration signed by the representatives of the five pact members expressed concern that progress towards a new international economic order has been so slow. It also stresses the role of economic integration in strengthening the unity of Latin American countries when prices for commodities and manufactured goods are negotiated.

Sr. Turbay (82) has frequently stated his support for the Andean Pact, but past Colombian Governments have been most interested in the trade advantages of the agreement. Both the metal-working and petrochemical programmes of the pact members should be finalised before the end of this year, the declaration said.

The number of foreign delegations in Bogota for the presidential inauguration has improved the shaky democratic image of Colombia. The outgoing president, Sr. Alfonso Lopez Michelsen, has been widely criticised for the corruption and incompetence of his administration, and leaves a difficult economic and political legacy. Sr. Turbay has one dubious advantage—whereas Sr. Lopez started in 1974 with 3m votes and national expectations at a high point, Sr. Turbay won the elec-

tion with a small majority and no one expects miracles from the new cabinet.

The new cabinet shows a masterful political and regional balance. By including seven Liberals, five Conservatives and three socialists, he has managed to please the leading factions in each party. But he has also made it clear that there will be no radical policy changes.

Although President Turbay stressed that he would wage "an implacable crusade against drug-trafficking, he also suggested that the U.S. Government might make greater efforts to control the financing of the trade through U.S. traffickers and consumers.

Crime came in for particular emphasis in his inaugural speech, and will undoubtedly be one of Sr. Turbay's major problems over the next four years. From cabinet corruption to petty street violence, crime is one of the biggest problems of the Colombians. "If Turbay just manages to make the streets safer and reduce theft in the ports, he will earn everyone's gratitude and my support," said a Conservative party businessman.

Reuter adds: The Venezuelan President, Sr. Carlos Andres Perez, said that an oil price increase was imminent and it would help revive the deadlocked dialogue between rich and poor nations.

"Oil prices will go up, not because OPEC is a selfish cartel, but because it is the only system the Third World can use to put pressure on industrialised countries to fix a policy on the prices of raw materials," Sr. Perez said.

## UK exports to Mideast up 20%

FINANCIAL TIMES REPORTER

DESPITE GLOOMY forecasts UK exports to the Middle East and north Africa have continued to rise in the first half of 1978.

According to the London Chamber of Commerce and Industry's economic report sales to the Middle East rose 20 per cent from £1.8bn in the first half of 1977 to £2.16bn in the same period, while its percentage share of total UK exports went up from 11.3 per cent to 11.7 per cent.

Another oil producer, Nigeria, has also assumed greater importance for UK exporters with sales going up from £15.83m in the first half of 1977 to £21.3m in the same period of this year.

This places Nigeria eighth in the UK list of leading export markets compared to 13th in 1975, 10th in 1976, and 9th in 1977.

In other oil producers in the list of leading export markets for the UK are Iran at 13th, Saudi Arabia at 17th, the United Arab Emirates 21st, and Kuwait 23rd. Exports to Iran are now gaining pace since after the stagnation of 1976 with an increase of £81.4m to £335.5m. Sales to Saudi Arabia are also up by £68.8m to £337.1m and there is a particularly large jump in sales to Kuwait from £122.2m in the first half of 1977 to £172.7m this year.

At the same time Kuwait has risen from 30th to 23rd in the list of top export markets. The only blackspot is a fall in exports to the United Arab Emirates from £26.5m in 1977 to £20.7m this year.

But according to the chamber the main trend is a continued shift in trade towards the EEC. The community's share of UK exports has gone up from 36.5 per cent in 1977 to 37.4 per cent of 1976 with large increases in sales to West Germany (2nd), France (3rd), Belgium and Luxembourg (4th) and the Netherlands (5th). There has also been an increase in the EEC's share of UK imports which has risen from 38.4 per cent to 39.7 per cent.

## Norway urged to back Volvo deal

BY FAY GJESTER

OSLO, August 9.

NORWAY'S Minister of Industry, Mr. Olav Haukvik, has urged the country's business and industrial leaders to co-operate with the Government in making a success of the car-for-oil agreement with Volvo of Sweden.

Addressing a seminar on the project attended by some 80 of the most prominent people in Norwegian industry, banking and finance, Mr. Haukvik said that if the deal fell through it would seriously hurt Norway's cooperation towards Swedish co-operation.

He said it was "not impossible" that Volvo's planned new model might be produced in Norway. He regarded the decision to develop the new model, with all this would involve in the way of components and spare parts, as the most important since the feature of the proposed Volvo agreement.

In the remaining negotiations with Volvo, the Government would keep in the closest possible touch with Norway's industry, financial institutions and trade union movement, the Minister promised. To create the 3,000 to 5,000 new jobs the agreement would create would require 50 per cent to 1,261 units com-

industry's co-operation and enthusiastic commitment, he pointed out.

So far, Norwegian businessmen and industrialists, as well as the political opposition, have seemed lukewarm towards the Volvo project. Some 30 of the industrialists taking part in the seminar held a preliminary meeting to agree among themselves on what questions to ask Mr. Haukvik after his introductory speech. Some 13 Norwegian bankers

and insurance executives are also attending today's meeting. Several of them are expected to question whether Norway's small capital market can raise the funds required to finance the Volvo investment.

Meanwhile, it has become clear that the Volvo agreement will not be debated by the Storting (Parliament) until early next year. The agreement is scheduled to be worked out in detail by October 15, and presented to the Storting soon afterwards.

## Swedish car exports up

BY JOHN WALKER

STOCKHOLM, August 9.

BOTH THE Swedish car manufacturers Saab and Volvo report increased exports to the United States during the first seven months of this year compared with the same period in 1977.

This has been achieved in spite of an overall drop of 3.5 per cent in the import of foreign cars into the U.S.

Saab report that their exports to the U.S. during July rose by 50 per cent to 1,261 units com-

pared with 841 in the same month in 1977. Saab exports for the first seven months of this year were up 15 per cent to 9,051 units, compared with 7,779 units in the same period in 1977.

Volvo exports to the U.S. in July went up by 13 per cent to 4,557 units compared with 4,023 in the same month in 1977. Volvo car sales in the first seven months of 1978 went up by 8.3 per cent from 26,719 units to 28,148.

## NATURAL GAS

## Holland prepares for the future

BY CHARLES BATCHELOR IN AMSTERDAM

HOLLAND, WITH the largest proven reserves of natural gas in Western Europe, is importing gas from Norway and Algeria. The Dutch admit that this modern version of sending coils to Newcastle is at first sight odd.

They are, after all, in the favourable position of being, together with Norway, the only net exporters of energy among the members of the OECD.

While preparations are made to export the first liquefied natural gas (LNG) from Algeria, Nederlandse Gasunie, the national gas distributor, has its eye on the Soviet Union, Iran, Nigeria and the Middle East as potential suppliers of yet more gas.

Importing gas from abroad makes very good sense to the Dutch for a number of reasons. They have spent £1.13bn (£85.5bn) in building a sophisticated distribution network over the past 15 years. Domestically produced gas now meets 55 per cent of Holland's total energy requirements, including 70 per cent of household needs, 40 per cent of industrial consumption and nearly 80 per cent of demand from electricity producers.

The gas is carried by 10,000 kms of underground pipelines and processed by eight compressor stations, 75 metering and regulating stations and 1,000 receiving stations. Apart from the distribution network 93 per cent of Dutch homes have been converted to natural gas and of these homes 93 per cent use gas for space heating.

Partly because of the depressed state of the world economy and Holland's refusal to sign new export contracts, deliveries of Dutch gas, which have risen steadily since the discovery of the massive Slochteren field in Groningen in 1959, have now begun to decline.

Proven reserves, including imports, were still a healthy 1,818bn cubic metres at the start of this year. On the basis of proven reserves—which are 80 per cent guaranteed to be in the ground—Holland would still

have 268bn cubic metres in export contracts. Since the nuclear balance of payments power was not to be promised gasunie has been unscrupulously scrambling its earlier policies.

Now that Gasunie's negotiators are buying rather than selling gas, the company is again thinking well ahead, hoping this time that its basic assumptions are correct. The Dutch reason that if they get into the growing international gas market while it is in its infancy, they can build up a strong position. By 2000 the gas may not be as readily available and it certainly will not be as cheap.

Despite having lived for 15 years with an expanding network of underground pipelines and surface installations to carry domestic gas has roused strong emotions. Over a year after the contract was signed with Algeria and only three months to go before the Algerians are due to be told where to land the gas, no decision has yet been taken on where to site the terminal.

Gasunie is in favour of the Maasvlakte, an area of reclaimed land at the mouth of Europe, which is close to its main industrial customers. Fears of an explosion while the tankers unload have led to exhaustive studies of the possible dangers. The unions favour the recently developed harbour of Eemshaven in north-eastern Holland, which is in an area of high unemployment.

But it is also more than 200 km away from most of Gasunie's customers.

The decision to import gas is not without its monetary implications. The "gas-bubble" has been blamed for many of the economic ills. The boost given to the balance of payments position has pushed the guilder to such heights on the foreign exchanges that Dutch business cannot compete on export markets, critics argue.

Supporters of this view, and the Central Bank which has tried to reduce capital imports, would therefore presumably welcome a counter balance to

## Italy relaxes advance import payment curbs

ROME, August 9.

THE ITALIAN Government announced it is relaxing curbs on advance payment of imports from today by showing importers to pay for goods up to 120 days ahead of receipt, without further formalities. Hitherto, the limit on advance payment was 60 days, unless official authorisation was obtained.

For prepayment of imports of between 120 and a maximum of 360 days, official authorisation is still needed, a Government decree said.

The relaxation is intended to facilitate import operations, and has been made possible by Italy's high reserves and continuing favourable balance of payments position, official sources said. Reuter

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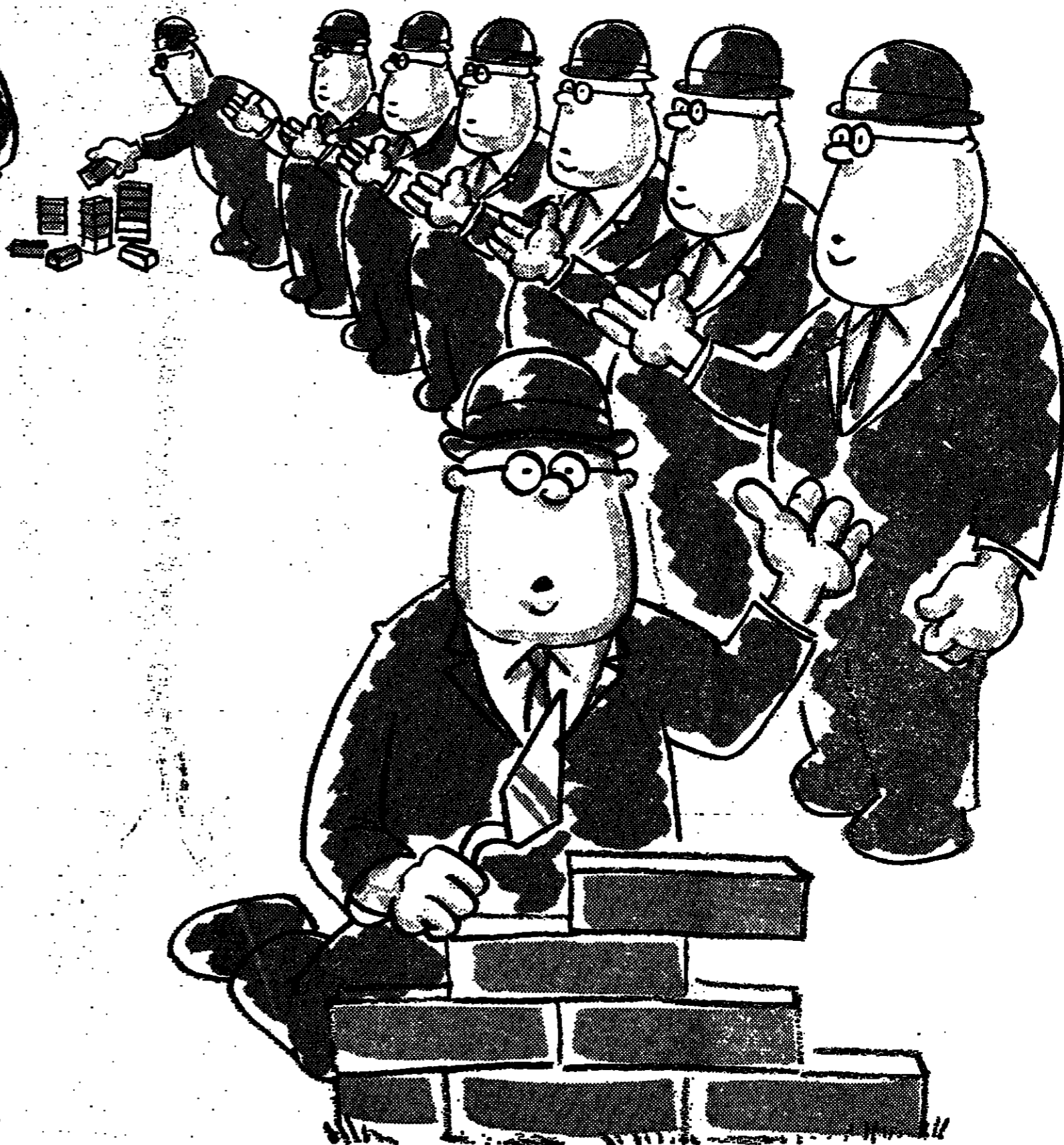
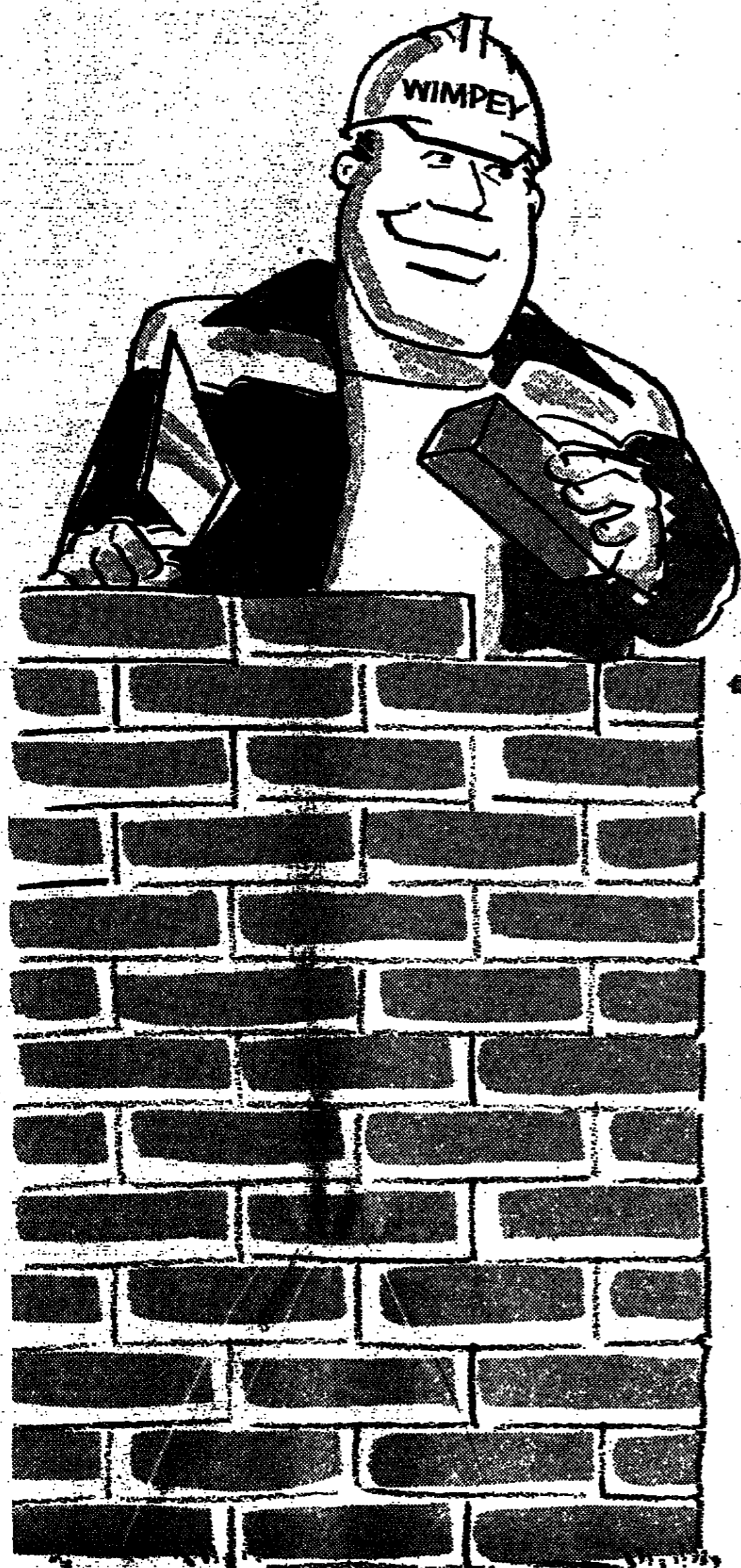
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July 10 1978



## If they say British industry hasn't got a good name, mention ours.

Open the papers practically any day and what do you see?

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No wonder, then, that British industry has a reputation abroad for being so tied up in red tape and petty officialdom that it no longer has any incentive to do the job.

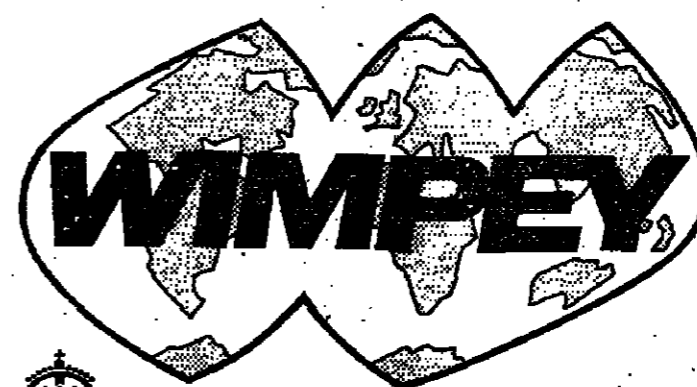
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As far as reputations go, there isn't a contractor in Europe with a better one than ours. In fact, we're way ahead

in that field, bringing home valuable foreign earnings every year.

We're giving British industry a good name. Ours.



George Wimpey & Co Limited  
Contractors

## HOME NEWS

Sterling credit curb  
'needs to end soon'

BY DAVID FREUD

EARLY REMOVAL of restrictions on the use of sterling credits in financing exports and third-country trade is called for by the Committee on Invisible Exports.

In a submission to the Wilson committee on financial institutions, the exporters said the restrictions, introduced during

the financial crisis of 1976 to produce a "once and for all" rise in the reserves, were causing a continuing reduction in foreign income.

The Committee on Invisible Exports, which is made up of banking, insurance, commodity, transport and other foreign currency earning associations,

also proposed changes to long-standing restrictions. The controls on the reinvestment of profits overseas and the purchase of foreign currency for direct investment abroad should be relaxed, it said.

Similarly, there should be some relaxation of the holding of foreign currencies so as to allow financial institutions, merchants, shipping companies and others who incur overseas liabilities to match these liabilities with holdings of foreign currencies.

The committee also called for gradual phasing out of the investment currency pool and merger of the official and premium rates of exchange.

Tax changes urged included a reduction of high marginal rates on personal incomes, abolition of a discrimination against unearned income and allowances to financial institutions to adjust for the effect of inflation in the way stock appreciation applies to manufacturing industry.

The committee also called for avoidance of potentially harmful government policy on decentralisation and of restrictions on office development of a kind likely to cause further increases in rents.

The committee estimated that the net foreign income earned per head each year for the financial services of the City was £4,100, compared with about £2,500 per person in manufacturing industry.

In 1976 the City's contribution to the country's net invisible income was, at £1.6bn, more than a third of the total figure of £4.9bn.

By that time, Clayton reckons, GEC-Fairchild will have been in production for three or four years, assuming, as he optimistically does, that the joint operation will be rolling by late 1979.

He can be optimistic, he says, because much of the expertise will simply be lifted from Fairchild. New machines for the UK plant—on which there is a waiting time of six to nine months—have already been ordered.

"The way the NEB has gone about this seemed to us rather odd. We heard about the INMOS deal when we were in

Healey attacks  
'faked'  
Tory ad

BY PHILIP RAWSTORNE

MR. DENIS HEALEY, Chancellor of the Exchequer, last night savagely attacked the "rent-a-fake politics" of the Conservative £2m advertising campaign.

Saatchi and Saatchi, specialists in advertising detestants and deodorants, had been chosen "to cleanse and sweeten the image of extremism and division" which Mrs. Margaret Thatcher had created.

Speaking to party workers at Milton Keynes, Mr. Healey said: "The fundamental technique used by the Tories is faking."

"The apparent dose given on their poster consisted, in fact, of well-paid models pretending they were out of work. Their television commercials use professional actors to imitate ordinary men and women. One has to remember when looking that nothing is for real."

"Britain has the most mature electorate in the world. It will not be taken in by the politics of Rent-a-Fake."

"Again and again, we have shown that in our country, common sense and principle can triumph over attempts by the rich and powerful to manipulate fear and greed to their own ends."

The Tory leader was "hoping to dodge the legal limits on election advertising" by getting most of it done before the election started. "She has far more money than the law would let her spend in a single month," he declared.

Apart from official Tory Party funds, the big growing company, which pleads poverty to justify putting up the price of beer, were said to have given her 2,000 poster sites worth £200,000.

"British United Industrialists, the Economic League, and Alms were continuing their backstage fund-raising."

"Sectors of big business which hope to do well out of a Tory Government are sprouting para-political campaigns like toads-stools," Mr. Healey said.

New tank  
decision  
likely soon

By Michael Donne, Defence Correspondent

A UK GOVERNMENT decision on procurement of a new main battle tank (MBT-80) for the British Army for the late 1980s, replacing the present Chieftain, is expected within a few weeks.

The decision, which will be significant for the Army's most important re-equipment decision in more than a decade—since upwards of 1,000 tanks, worth over £1bn including spares, could be built, with the export orders also in prospect.

The choices facing the Government are either to undertake MBT-80 wholly in this country, seek an international collaboration with NATO, or buy a foreign-built tank, such as a derivative of the latest U.S. XM-1 or West German Leopard 2.

The UK is looking for a main battle tank substantially in advance of either the XM-1 or Leopard 2, however, to counter the Soviet tank threat in the next century. By the time MBT-80 comes into service, Chieftain, which was designed in the late 1950s and entered production in 1963, will be over 20 years old.

The Defence Ministry has been discussing future tank programmes for some years with the U.S. and West Germany, as well as other NATO countries, in efforts to establish an international venture.

Both the U.S. and West Germany have earlier requirements for new main battle tanks than the UK and have embarked on their own designs, so that there seems little likelihood of a major collaborative venture with them.

The new MBT-80, when finally developed, can be expected to include such new developments as "Chobham Armour"—armour giving greater protection than hitherto—which is fitted on the Shiran version of the Chieftain tank, and a new 120 mm gun, as well as a new 120 mm gun.

Conoco has been working on engineering and design planning for the system for some five years. Mr. Gregg said that many of the previous problems of sub-sea technology have been overcome and this scheme could lead to the standardisation of such equipment.

Some form of sub-sea well completion is likely to be used on the Brent Cormorant Dunlin and Hutton fields.

Conoco has also begun exploratory talks with Shell/Esso about the possible transmission of gas from Murchison via the Brent pipeline system to St. Fergus, north of Aberdeen.

Conoco's partners in the Murchison Field which has estimated reserves of about 350 million barrels of oil are the British National Oil Corporation and Gulf.

Jobs loss faces  
100 workers

ONE HUNDRED workers face losing their jobs at the Willen, Leamington, works of John Harper and Son, which makes castings for tractors. The company, employing 730 workers, has hit by the world slump in the tractor market.

reported output to be growing, though at a slower rate than in the previous survey. The main factor seen as likely to limit further growth of output is, as might be expected, the level of orders. But, significantly, a total of six sectors mention shortage of skilled labour as a likely or potential constraint.

Triumph of the sectors report in the past four months, with eight of these sectors in upstream manufacturing. Of the five sectors reporting an increase in employment over the past four months four were in end products.

Another report says that woollen and worsted industries could save over £5m a year on their fuel bills by improving their heat recovery process, space heating and factory services.

The report is prepared by Wira

## MICRO-PROCESSING RIVALRY EMERGES

GEC-Fairchild plans to become  
king of 'Silicon Island'

WHATEVER uncertainties surround the success of the General Electric-Fairchild joint venture into mass production of metal oxide silicon (MOS) products announced yesterday, it should have a decisive advantage over both foreign and domestic rivals.

The project will be the first of its kind in Europe. The major foreign rivals will be the French company, Thomson-CSF, which is being steered by the French government into a link-up with a U.S. company, possibly Mostek; and the German company of Siemens, which is also looking to the new world to bridge the technology gap of the old, but is reportedly also considering going it alone.

The main source of domestic competition—which Mr. Robert Clayton, GEC technical director, merely "notes," rather than worries over—will be INMOS, the National Enterprise Board's £50m project into advanced micro-electronics.

Mrs. Richard Petritz and Paul Schroeder, the two U.S. co-founders of INMOS, are looking for a site for the first plant, which will research and develop micro-computer memories and microprocessors—to be mass-manufactured in the UK in, perhaps, four or five years.

Optimism By that time, Clayton reckons, GEC-Fairchild will have been in production for three or four years, assuming, as he optimistically does, that the joint operation will be rolling by late 1979.

He can be optimistic, he says, because much of the expertise will simply be lifted from Fairchild. New machines for the UK plant—on which there is a waiting time of six to nine months—have already been ordered.

"The way the NEB has gone about this seemed to us rather odd. We heard about the INMOS deal when we were in

serious discussions with Fairchild, and it certainly didn't make us think again. It will have to build up from scratch and it will have to find a marketing force."

"We have always considered that we should start with a marketing force which both companies have in Europe. INMOS is still trying to gather technical expertise in the U.S. for the moment, it has only two people."

Even with strong GEC and Fairchild sales forces, the new venture will be a high risk one, like all advanced micro-electronics projects.

In the first place, Fairchild has had less experience than other U.S. semiconductor companies in developing and manufacturing MOS products, preferring the alternative bipolar technology until some two or three years ago.

Mr. Wilfred Corrigan, the chairman of Fairchild, who has had his eye on GEC for some time, impressed the UK company's executives when he visited them last month. That means the GEC-Fairchild must sell the MOS factory in San Jose; but in some areas, his company is still thought to lag.

It is almost certainly not as advanced on research into the newest random access memory (RAM) chip, the 64K RAM, as companies in Japan and other U.S. companies like ITT (which is also thought to be considering UK production).

The new plant will begin by manufacturing the 16K RAM, which is the most advanced memory in current volume production.

Large markets The NEB's hopes are pinned on the 64K RAM and it believes that by the time it can begin volume production, the market will be just about ready to buy. GEC, naturally, is doubtful about this: it is uncertain that

makers to encourage them to apply microprocessors to their products—a bribe that would not have been necessary had they been scrambling to find applications for themselves.

Government money will, no doubt, be invested in the GEC-Fairchild venture, too, though GEC thinks Government can play a more positive role as a purchaser of its eventual products—for uses in defence for electronic exchanges (through the Post Office and for computers (through ICL).

But it will not turn the money down, and conversations have already taken place between the company and Mr. Eric Varley, the industry Secretary.

Strategy He has £70m on call for "viable projects which contribute to the strategy of strengthening the UK micro-electronics industry as a whole."

GEC-Fairchild will no doubt qualify, as will Plessey and ITT if and when they move in the same direction.

Yesterday's announcement now brings total UK investment in advanced micro-electronics to around £150m, most of it government money, and all of it announced in the past month. At least two projects are off and running.

Naturally, their products will complement each other to the extent that, in making the UK into a European copy of the concentrated electronics production area in California known as "Silicon Valley," more projects may be attracted, both by Government and by a growing pool of scarce technical expertise.

We are already being called "Silicon Island"—rather prematurely, certainly, but perhaps, in time, the title will be correct.

JOHN LLOYD

MR. WILFRED J. CORRIGAN  
President Fairchild Camera

the market will switch from 16K to 64K, and the 16K has several years of life left. "We bet, but we don't gamble," said Mr. Clayton.

Volume production means securing very large markets—hence the stress which Clayton says is making the assumption that GEC-Fairchild must sell the MOS factory in San Jose; but in some areas, his company is still thought to lag.

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JOHN LLOYD

## Regions queue for new industry

THERE MUST be now be a file in Whitehall of applications from centres seeking to become the micro-processing capital of Britain.

A letter from Merseyside was sent off this week to Mr. Eric Varley, Secretary for Industry, setting out the case for the INMOS plant which may employ up to 4,000 people.

The government is to back it through the National Enterprise Board. It will rival the GEC-Fairchild plant unveiled yesterday.

Merseyside's letter has been followed by a similar appeal from Greater Manchester. A more general application, on behalf of the region as a whole, has been submitted by the North West Industrial Development Association. It follows what might be considered a great

industrial strike by the north east region.

The Tyne and Wear County Council, not content with waiting for the National Enterprise Board to consider its case for the initial £50m investment in the INMOS plant, has also submitted a proposal for the design and production of micro-electronic circuits, is putting £300,000 into a micro-electronics research institute to be established jointly by Newcastle University, Newcastle Polytechnic and Computer Analysts and Programmers, a software company in which the NEB already has an interest.

Tyne and Wear will soon make a submission for the plant to come to the area.

Bristol, Bath, Wales and Scotland are also being considered. The decision will eventually be taken at a very high political level, but the successful area must meet some basic requirements.

Labour anywhere in the UK could be trained for the manufacturing process but it would make more sense to draw on skills already available in regions with an existing involvement in electronics.

More important, however, is access to skilled manpower able to work on application of microprocessors in the industrial areas where they are expected to take over control of manufacturing and other operations.

The NEB has also emphasised that the project should go to an area of high unemployment.

The two northern areas feel that they can match this checklist and are now confidently putting forward their claims.

Development Association says that the world's first computer was designed in Manchester 30 years ago and the city is still the main UK research and production base for ICL.

Other major electronic companies in the area include GEC, Plessey, Ferranti and Mullard. These groups and other smaller concerns employ more than 20,000 people in electronics or associated industries.

The north east also has a substantial involvement in the electronics industry, though of more recent origin.

About half-a-dozen university centres, including Manchester, Cambridge, London, Edinburgh, and Newcastle, can claim to have become deeply involved in micro-electronics.

Newcastle's move in setting up a research unit is intended to strengthen the area's ability to provide the software back-up that will be needed to apply micro-electronics to industry. In the North West, these facilities are already at the University of Manchester Institute of Science and Technology.

Even without the industrial and university facilities available in the two northern areas, there

are strong political arguments for establishing the industry in the north. Both areas believe that their competitive position in attracting industry has worsened since the Welsh and Scottish comprehensive development agencies were set up.

Merseyside, where nearly 100,000 are out of work, has particular problems but the north-west overall has the UK's lowest rate of unfilled vacancies to employment. It also claims to have been receiving a disproportionately low share of investment per capita by Government and industry in recent years.

Wherever the new plant goes, experts expect the manpower implications to apply to a wide area. Ultimately the number of people involved on the software side, writing micro-processor programs, could run into tens of thousands, far exceeding those employed in actual manufacture.

Long-term effects, however, are not what interest regional development bodies at this stage. As all the lobbyists realise, 4,000 jobs and the chance to be in at the start of a new industry are seldom on offer.

RHYS DAVID

Midland Bank  
partners NEB  
in aid scheme

By John Elliott, Industrial Editor

MIDLAND BANK yesterday emerged as the clearing bank which is negotiating a pilot scheme to provide small firms with a mixture of long-term loans and equity capital.

The joint venture would, it is understood, be launched in the north of England and would be based on the Board's regional office in Newcastle.

Details of the scheme have yet to be finalised. But it is likely to provide small firms with a mixture of long-term loans and equity capital.

The bank and the NEB would each subscribe equal amounts of money. They expect to develop the scheme late in the autumn.

This plan could be affected by an October general election because, judging by a Conservative Government might not want the Board to engage in this sort of entrepreneurial activity.

—formerly the Wool Industries Research Association—for the Department of Industry.

If the average company in the industries were to take advantage of the energy-saving opportunities identified in the report, it could expect to cut its fuel and electricity bills by 18 per cent, or nearly £18,000 a year at present energy prices.

A 5 per cent saving could be made through "good housekeeping" measures while the remaining 13 per cent saving could be achieved from projects involving a relatively high capital expenditure—building insulation and heat recovery processes, for instance.

Energy Use in the Woolen and Worsted Industries, Department of Industry's Industrial Energy Thrift Scheme, Library of the Department, Abell House, John Islip Street, London, SW1.

Hovermarine takes  
over Solaris assets

BY LYNTON McLAINE

HOVERMARINE TRANSPORT, the Southampton sideway hovercraft company, has taken over the entire assets of Solaris Marine, local manufacturer of the £100,000 catamaran which was the pride of Prince Caroline of Monaco's wedding presents.

The move will more than treble the manufacturing space for sideway hovercraft for a world patrol-craft market estimated to be growing at 15 per cent a year and worth more than \$1bn over the next five years.

Hovermarine Transport has won orders for more than 50 of its 35-knot HM2 passenger craft since 1970. This year alone, orders worth over \$5m were won by the company for civil applications. The total order book now stands at \$2m.

By next year, the annual turnover is expected to top £10m, boosted by Hovermarine Transport's first orders for military craft, likely to be placed by December Mr. Bill Zehede, chairman, said in Southampton yesterday.

Acquisition of Solaris had been finalised with the Board of the catamaran company but is subject to approval by UK monetary authorities.

Both companies base their designs on glass fibre technology. The 30,000 sq ft Solaris factory at Woolston near Hovermarine Transport's works will continue for the time being to make the established 42 ft catamaran, but

will adopt production to make new 60 ft work boat versions to be sold alongside the sideway hovercraft work platforms.

The Hong Kong and Yau Yau Ferry Co., which last year carried 170m passengers, making it the world's busiest ferry company, has order 10 HM2 craft. Six are now in service operating at premium fares four times those of the local ferry.

Other customers for the HM2 craft include the Royal Air Force, the original UK manufacturer of sideway craft.

This operated under patents held by the National Research Development Corporation and Hovercraft Development. The Corporation is still involved with Hovermarine Transport and over £1.2m of corporation funds have been injected into the company over the past three years.

Half the money has been used to fund development of a stretched version of the HM2, known as the HM3, the rest is being used for working capital.

'Boom Christmas' predicted THE SHARP recovery in consumer spending is expected to continue until the late summer of next year before levelling off, according to the August issue of the Henley Centre's Framework Forecasts published yesterday.

Consumer spending in real terms is expected to rise by 5.2 per cent in 1978 and by 4.3 per cent next year.

Accordingly "a boom Christmas" is predicted, partly in response to the November tax rebates and the effects of the annual adjustment in pensions.

The centre assumes that indirect taxes will be raised in next year's budget and that a large increase in receipts from national insurance and pension contributions may well result in a large cut in the standard rate of income tax from 33 to 30 per cent.

BL depot  
plan  
attacked

BL PLANS to buy land at Coventry for a spare parts depot, instead of using a site with planning permission it owns at Cowley, have been criticised by Mr. Evan Luard, Labour MP for Oxford.

Leyland's main spare parts depot is at Cowley. A smaller depot at Coventry deals mainly with Jaguar, Rover and Triumph components.

Mr. Luard, a junior minister at the Foreign and Commonwealth Office, has asked BL to reconsider its plans which, he said, put jobs in the Oxford area at stake.

Call for bank's withdrawal from S. Africa

By David Freud

THE End Loans to Southern Africa group plans to question Standard Chartered's involvement in South Africa at the bank's annual meeting in London today.

The London-based bank has a 63 per cent shareholding in the Standard Bank Investment Corporation which, together with Barclays National, dominates banking in South Africa.

The End Loans group has circulated a report to shareholders, including local authorities, in which it calls for the complete withdrawal of Standard Chartered.

The report states: "Standard Chartered, through its involvement in South Africa, is among the companies most deeply entrenched in the apartheid system."

The presence in the republic represents a direct support to minority rule and the continuation of apartheid."

The group raised similar questions at Chartered's annual meeting last year. On that occasion Lord Barber, the bank's chairman, replied that while he personally had never been in favour of apartheid, the bank was carrying on a normal commercial operation in the republic.

Currency  
warning  
by Fowell

Financial Times Reporter

MR. ENOCH POWELL yesterday warned that Britain would become "one of the classic depressed regions of the new European State" if it agreed to the Bremen proposals for the alignment of ERM currencies.

The country would also effectively renounce its economic and political rights of self-determination, he said at Uxbridge.

Mr. Powell claimed that there was a "great danger of Britain becoming a part of the Bremen plan, which would stop dead if the party of the pound were not fixed."

"The result will be disaster," he declared.

The Germans wanted the new system because it would reinforce their commercial and industrial dominance of the ERM, the French because it would sustain the common agricultural policy.

The forces which wanted to "push Britain over the Bremen edge" included politicians and parties with a vested interest in the enlargement of the Community.

"Behind and beyond all these are the vested interests of the thoroughness and the ignorant... the same people in industry, commerce and the City, who for 25 years before 1971 were convinced that international trade and business would stop dead if the party of the pound were not fixed."

"To such as these, the Prime Minister has only to murmur the phrase 'monetary stability' and they would all follow him over the edge as the rats followed the Pied Piper of Hamelin."

Economic and monetary union was now just around the corner. "Currency alignment over the trade which virtually exists in the Community already, is economic and monetary union; and economic and monetary union is political union as soon as the blinkers are taken off."

Phillips deal in Toronto

THE LONDON house of Phillips, which had a turnover last season of £2.8m, is taking over the leading Toronto auctioneer Ward-Price. The firm will be known as Phillips Ward-Price. The first series of sales under the new name will begin in late September and will include a private collection of Oriental works of art.

Ward-Price was established in 1912 and Richard Price Browne will continue to play a leading part in the Toronto operation.

Conoco sub-sea well  
will speed revenue

BY KEVIN DONE

CONTINENTAL OIL OF THE U.S. has completed the first of three sub-sea wells on its North Sea Murchison field.

The wells, which are aimed at increasing the rate of early production when the field comes on stream in the summer of 1980, have been used to test new methods of sub-sea installation. They should considerably enhance the early cash flow from the field.

Mr. Dennis Gregg, general manager of the Murchison project, said yesterday that revenue in the first three years could be increased by \$270m (£140m).

The system, which Conoco claims is a unique development of sub-sea satellite wells and pipelines, is based on three wells drilled during the exploration phase of the Murchison field in 1975 and 1976.

Two of the wells will be used for producing oil and the third will be used for water injections. This will allow the pressure of the oil reservoir to be maintained virtually as soon as oil production begins.

The sub-sea completion system will add about \$20m to the development costs of the Murchison field, which is expected to cost some \$850m.

Without this development the field could begin production only from three wells drilled from the main platform, which should be installed next year. But this will allow five wells, each pro-



# Chief Accountant

C. London

Our client is an international investment company with assets of \$500 million spread over the Middle East, Europe and the Americas. It is primarily involved in marketing and development projects.

The Controller wishes to recruit a Chief Accountant to control the small Head Office accounting team and to assist him with group cash planning. He/she will be responsible for group accounting, budgets,

£10,000 + and benefits

consolidations, and the review of mixed accounting systems. Candidates aged 30-45 should be well disciplined C.A.'s or C.P.A.'s with broad commercial experience and hopefully a knowledge of French. The job described and the salary are no more than indicators - the final specification will be written round the person appointed and the generous benefits package will be very negotiable.

Please contact James N. Denholm, FCA, in strict confidence, at Management Appointments Limited, Albemarle House, 1 Albemarle Street, London W1. Tel: 01-499 4879

**Management Appointments Limited**

## International Banker

c. £15,000-£18,000

An International Finance Group with offices in Manila, Hongkong and Bangkok seeks the services of an experienced international banker aged between 35-45 for relocation to the Far East.

Past service with a Merchant Bank or an International Commercial Bank with expertise in project development and in structuring, negotiating and syndicating credits is essential. The salary and benefits will be commensurate with experience in the range of £15,000-£18,000.

Initial interviews will be held in London. Please give a comprehensive personal and business history, including home telephone number. All replies will be treated in strictest confidence and should be addressed to: The Advertiser, 46/47 Bloomsbury Square, London, WC1A 2RU

## International Organisation

based in Paris

requires an

## Assistant to the Head

of the

## Marketing Division

which is concerned with all aspects of marketing policy for CIPEC member governments and their copper companies.

University education, probably in economics, and good understanding of copper essential. Other market and marketing knowledge, experience of market research, understanding of technical uses of copper, or a period of marketing consultancy useful.

English essential, Spanish and/or French useful.

For job description and further details, write to: CIPEC-177, Avenue du Roule - 92200 - Neuilly-sur-Seine - FRANCE.

## LEGAL EXECUTIVE

City merchant bank requires mature legal executive, male or female, to assist the General Manager. Experience in taking security for all types of banking transactions and in writing overdraft and loan facility letters is essential.

Experience in documentary credit work or in monitoring the various aspects of the development of a commercial lending portfolio of a merchant bank would be a considerable advantage. Salary and terms will be attractive for the right applicant. Please write in complete confidence, stating details of education, qualifications and career and experience to date to:

The Managing Director,  
CAYZER LIMITED,

5 Laurence Pountney Lane, London EC4R 0HA.

## GROUP ACCOUNTANT

London W1

Up to £6,500

London and City Finance Group Ltd., a rapidly expanding medium sized financial group of companies, wishes to appoint a group accountant to be responsible to the Financial Controller.

Responsibilities will include—Preparation of monthly, quarterly and statutory accounts, budgets and cash forecasts, financial administration and control, viability studies for new projects and monitoring of group investments.

Prospects are excellent and an initial salary in the range £5,000 to £6,500, depending on experience, is envisaged.

Applications with details of experience and qualifications, which will be treated in the strictest confidence, should be sent to—

John Richardson, FCA

London and City Finance Group Ltd.

18 Seymour Street, London W1

Tel: 01-835 2352

## Merchant Banking

Manchester A.I.B. & A.C.A.

As a result of continued expansion and demand for our services, we need two more executives in our Manchester Office, which serves the North West.

We are seeking young qualified people to join the existing team of professionals based in King Street.

## Chartered Accountant

You will probably be a graduate, aged 24/26, recently qualified in the Profession, with an interest in corporate finance.

## A.I.B.

You are probably aged 24/28, at present employed in a merchant or clearing bank and ideally you should have some experience of charged security and corporate lending.

Remuneration will be negotiable and terms of service are attractive.

Interviews will be held in Manchester or London but in the first instance applications giving personal and career details should be sent in confidence to—

David Woodward, Personnel Manager,  
County Bank Limited,  
11 Old Broad Street, London, EC2N 1BB.

## County Bank

A member of the National Westminster Bank Group

## Assistant Head of Internal Audit

c. £9000 + benefits

This appointment is to the City-based Internal Audit team of Williams & Glyn's Bank Ltd., the U.K.'s fifth largest Clearing Bank which provides a wide range of financial services throughout England and Wales.

The successful candidate will be required to fulfil an innovative role in the planning, development and supervision of effective operational, financial, and systems audits in specified and diverse areas of the Bank's specialist operations and Group subsidiaries. Candidates should be qualified accountants with at least three years' auditing experience at a supervisory level.

In addition to the ability to communicate effectively at all levels, both orally and in writing, the job holder must be capable of training and developing members of the audit team. Preferred age range 28-40.

Starting salary will be negotiable around £9000; valuable benefits include generous House Purchase facilities, contributory pension plan, and a profit sharing scheme. Re-location assistance to London will be provided where appropriate.

Please write giving full career details or telephone for an application form, quoting reference B.907, to: P. D. Richards, Williams & Glyn's Bank Ltd., New London Bridge House, 25 London Bridge Street, London SE1 9SX. Tel: 01-407 3121.

**WILLIAMS & GLYN'S BANK**

## Group Chief Accountant/Treasurer

London

about £10,000 p.a.

An international publicly quoted Group with diversified industrial interests and sales approaching £200m. requires a mature and motivated qualified accountant for this senior position within its small, specialist Head Office. Reporting to the Finance Director, the main responsibilities will be the production of the Group's Interim and Annual Reports and control of all statutory accounting requirements, the treasury function of the Group and the supervision of a small accounts team. The successful candidate is likely to be a Chartered Accountant with proven ability and experience of these tasks in industry or commerce and is unlikely to be under 30 years old. Some knowledge of Group taxation is desirable.

This appointment is seen as a means of recruiting a potential senior executive and there are excellent opportunities for career progression within the Group. The negotiable salary includes a car and other attractive fringe benefits.

Replies in confidence quoting reference GCA21 to: David Sheppard

**DAVID SHEPPARD & PARTNERS LTD.**  
Management Consultants  
21 Cleveland Place  
St James's, London SW1Y 6RL

**CJA**

RECRUITMENT CONSULTANT

35 New Broad Street, London EC2M 1NH

Tel: 01-588 3588 or 01-588 3576

Telex No. 887374

Two challenging and varied appointments—scope to advance to a board appointment within 3-4 years

## 2 FINANCIAL CONTROLLERS—GREEK SPEAKING

35,000 US \$—50,000 US \$

EXPANDING INTERNATIONAL CONSTRUCTION AND ENGINEERING GROUP—ASSETS OF SEVERAL HUNDRED MILLION US \$

We invite applications from qualified accountants (CA, ACA, CPA, AACCA or ACMA) aged 30-50, fluent in modern Greek, who have acquired at least 5 years' post-qualification practical commercial/industrial experience, and at least two years at senior management level. The successful candidate (job ref. no. 3871/FT) will be fully responsible for the total accounting function, and improvement of financial control, management reporting systems and cash management etc. The other position (job ref. no. 3872/FT) will cover the control of the accounting operation in a major oil refinery and a shipyard, involving improvement of cost control methods and management reporting systems. In both positions about 10% away travel will be necessary. Initial salary negotiable 35,000 US \$ - 50,000 US \$ + car, free furnished accommodation, relocation expenses, and annual leave etc. Applications in strict confidence stating appropriate reference number to the Managing Director.

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,  
35 NEW BROAD STREET, LONDON EC2M 1NH - TEL: 01-588 3588 or 01-588 3576 - TELEX: 887374

Opportunity to make significant contribution with prospects of becoming Credit Manager in 2 years

## ASSISTANT CREDIT MANAGER CREDIT ANALYST

£6,500—£8,000

c. £5,000

LEADING EXPORT FINANCE HOUSE—SUBSIDIARY OF MAJOR BRITISH BANKING ORGANISATION

We invite applications for the post of Assistant Credit Manager from candidates, qualified A.I.B. or A.C.I.S., and with a minimum of three years' experience in credit analysis, preferably involving short/medium-term Eurocurrency loans. Responsibility will be to the Credit Manager for evaluation of credit applications to £500,000, with an increasing role in the supervision of the credit team. Initial salary negotiable £6,500-£8,000 with competitive benefits (the post of Credit Manager warrants additionally a Company Car). A vacancy exists also for a Credit Analyst with similar but lower responsibilities suitable for recently qualified or part-qualified candidates, preferred age 22-26—salary negotiable c.£5,000 plus similar fringe benefits and good prospects for further advancement. Applications in strict confidence under reference (Assistant Credit Manager) ACM10485/FT or (Credit Analyst) CA10485/FT will be forwarded unopened to our Client, unless you list companies to which they should not be forwarded in a covering letter marked for the attention of the Security Manager.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH

## Head of Financial Planning

International Banking

London

Bank of America, the world's largest international bank, is seeking an experienced professional to implement financial planning, analysis and control procedures across its Europe, Middle East and Africa Division. Policy formulation, the development of new planning strategies, and profitability improvement projects are major aspects of this challenging appointment.

Candidates, graduates or MBAs aged 28-35, should have at least five years' experience in the development and operation of advanced financial planning, budgeting and control systems including responsibility for financial review presentations, at a management level, preferably in a multi-national environment.

Exceptional career development opportunities exist within the Bank's international operations. Salary will reflect the senior nature of this appointment, and benefits are in line with best banking practice.

Write in strictest confidence with full personal, salary and career details to: G. L. Hope, Bank of America NT & SA, Personnel Planning & Recruitment, 25 Cannon Street, London, EC4P 4HN.



BANK OF AMERICA

## Senior Investment/Fixed Assets Accountant

c. £14,000 'Tax Free' on the Mediterranean

If you are a qualified accountant with 5 or more years' experience of controlling fixed asset accounts with an oil company then you could be well on your way to a new career opportunity on the shores of the Mediterranean with Occidental, one of the world's most progressive and rapidly expanding oil companies. Occidental have operated in Libya for over 10 years and now, in partnership with the Libyan National Oil Company, are embarking on a massive new programme of oilfield development calling for additional specialists to provide professional back-up services at Occidental's head office in Tripoli. The successful applicant will be assisted by a team of 3 accountants, and will be responsible for planning and performing inventories of fixed assets, noting and adjusting variances between physical checks

and Company records; and for reviewing and modifying existing accounting methods. We are offering a highly competitive salary package and a signature bonus for direct hire applicants, equivalent to 25% of the annual base salary, before tax. The position will be on resident status, with generous housing, cost-of-living, and vacation travel allowances. BUPA cover along with full assistance to relocate you and your family to Tripoli. If you have the qualifications and experience to match our requirements, please send your detailed resume, or phone for an application form—

Test Connolly  
Occidental of Libya Recruiting  
Gillingham House  
38/44 Gillingham Street  
London SW1V 1HU  
Tel: 01-828 7711

**OXYLIBYA**

## Manager

## Economic Forecasting

Midland Bank proposes to make a Senior appointment to its Economics Staff with responsibility for co-ordinating and further developing economic forecasting activities within the Midland Bank Group. The person appointed will work closely with the Group's Economic Adviser and in its Economics Department of over 20 professional economists, who are increasingly involved in corporate planning as an essential feature of the Group's development throughout the world. Computer facilities available include access to the London Business School's econometric model.

Applicants should have good academic qualifications, preferably in economics and econometrics, together with experience in the application of quantitative techniques. The job would be located in London or Sheffield but initially in London. Salary within the range of £10,000-£12,000 together with car and other fringe benefits associated with the banking industry.

Further particulars may be obtained from Midland Bank, Economics Department, Griffin House, Pennine Centre, 41 Silver Street Head, Sheffield S1 3GG.

Applications to include curriculum vitae should be sent by September 10th to:

Midland Bank, Personnel  
Division, Courtwood House,  
Silver Street Head,  
Sheffield S1 3RD.

Names of three referees will be required which may be included with the application.



**Midland Bank**

## Assistant Company Secretary

North West, c.£6,500

Our clients, an established public company, manufacture paint and wallcoverings, sold nationally through their own and other retail outlets, and through wholesalers. Increasing activity has created the need for an Assistant Company Secretary to take over the everyday running of a small department involved with Pensions, Property and Insurance plus statutory requirements and general secretarial matters. Applicants, aged 25-45, will be qualified, ACIS or ACA, who have worked in the Secretariat of a public company and are now looking for additional responsibilities and experience. Relocation assistance is provided.

C. G. Moores, Ref: 24127/FT

Male or female candidates should telephone in confidence for a Personal History Form to:  
MANCHESTER: 061-236 8981, Sun Life House, 3 Charlotte St, M1 4HB.

### Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

## Corporate Accountant

Computerised Accounting Systems

Central London, to £8,500

Our clients are a successful, UK based, engineering company enjoying impressive growth and an excellent export record. This important position has arisen in a company noted for its prospects of career advancement into line management. Reporting to the Company Accounting Manager, and deputising for him in his absence, the successful candidate will assume responsibility for the development, introduction and implementation of computerised accounting systems throughout the group. Other major duties will include consolidation and solving group accounting problems. Applicants will be aged 25-32, ideally graduate ACA's with experience in the profession, or a large company, of consolidations and auditing or implementation of computer based accountancy systems. There will be some travel in the UK and fringe benefits are excellent.

N.P.S. Lilley, Ref: 22081/FT

Male or female candidates should telephone in confidence for a Personal History Form to:  
LONDON: 01-734 6852, Sutherland House, Argyll Street, W1E 6EZ.

### Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

## POTTER PARTNERS

### INSTITUTIONAL SALES - LONDON

We are seeking an experienced Institutional Dealer/Advisor to join the staff of our London office. Preferred age 27-35 years.

Creativity is the key requirement - an ability to recognise and to market attractive investment opportunities to the firm's international institutional clients.

A sound knowledge of the Australian market is essential and full support will be provided by the firm's various research activities.

An attractive salary will be offered to the right person and the prospects ahead are excellent.

### INVESTMENT ANALYST - LONDON

A vacancy also exists for an Investment Analyst. Preferred age around 25 years.

Applicants should be professionally qualified and a knowledge of the Australian economy would be a distinct advantage. The successful candidate will become responsible, after a short period of training for the maintenance of a comprehensive research service on Australian companies, in conjunction with the firm's Australian Research Department.

An attractive salary will be negotiated commensurate with age and experience.

Applications in confidence to:

G. N. Webb

POTTER PARTNERS

Estates House, 66 Gresham Street, London EC2V 7AP  
Telephone: 01-606 0451

## SENIOR

### FOOD EXECUTIVE

A vacancy has arisen for a Senior Food Executive in the Distributive Food Industry with an organisation anticipating food turnover this year in excess of £325,000,000.

Applicants should have adequate experience of command, be able to produce acceptable trading records of achievement to net profit level, and have the ability and ambition to progress to the next rank, that of top Executive in this field, in a short time.

Location is in the North West of England and a car will be provided which may be used privately. Assistance will be given towards relocation expenses. Superannuation Fund with power to transfer benefits from other approved schemes operates.

Applicants should, in the first instance, state present position, age and give brief details of experience. Official application forms will be forwarded to selected candidates.

Applications should be received within 14 days of the date of this advertisement.

Replies to Box A6436

Financial Times

16 Cannon Street, EC4P 4BY

## COMPANY ACCOUNTANT

A leading firm of West End Retail Jewellers requires a qualified Accountant with post-qualification, preferably commercial, experience.

The person appointed will report to the Managing Director and will take responsibility for preparation of periodical and annual Accounts, day-to-day control of financial and personnel matters, and will be appointed Company Secretary. The post requires a good personality and carries excellent prospects. Age 25-35, salary £8,000 plus non-contributory Pension Scheme, etc.

Please apply in writing with full career details to H. Lomax, Savers' Baderborth, 52 Brook Street, London W1Y 3DR.

## Foreign Exchange Manager/ Chief Dealer

London

An old established Australasian Bank wishes to appoint an experienced Dealer to establish and develop a Dealers Room in London.

Applicants should have several years' experience in both Foreign Exchange and Euro Currency operations as well as an ability to supervise the introduction of appropriate back-up accounting procedures.

This is a career appointment and accordingly the person appointed will be able to demonstrate a wish to gradually develop a presence in the Market appropriate to our needs. The remuneration package offered will reflect the importance of the position.

All applications, which will be treated in confidence, should include full details of career experience to date and should be submitted in writing to Box 301, Streets Financial Limited, 62 Wilson Street, Finsbury Square, London EC2A 2BU.

## YOUNG-CHARTERED ACCOUNTANTS

£7,500

Tax Free Plus All Expenses

If worldwide travel, allied to very real career prospects is what you seek, this multinational group offers an almost unique opportunity for recently qualified accountants to undertake various ad hoc duties including in-depth audit, management information etc. at offices throughout the world. First class accommodation and travel at company expense is only part of this career package. Contact Jane de Sion on 01-838 8055.

Churchill Personnel Consultants

## Managing Director

### Overseas Joint Ventures

Midlands based, this appointment calls for a seasoned negotiator with entrepreneurial skills developed in a profit responsible general or commercial management role.

Overseas experience, preferably in third world or developing countries, will be needed. A civil engineering qualification and background is desirable. Age 35 to 50.

Responsibility will be to the Managing Director of an eight figure turnover manufacturing group - an acknowledged leader in its sector of the construction industry - for the group's overseas joint venture operations.

The task will be to survey potential markets, identify investment opportunities, and establish and subsequently develop the viability of joint ventures.

Remuneration not less than £12,500. Car. Re-location help.

Please send concise career details - in confidence - to  
E. I. Clark ref. B.75056.

This appointment is open to men and women.

United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.

International Management Consultants

Union Chambers 63 Temple Row Birmingham B2 5NS

## Financial Controller

to £10,000+ car  
Hertfordshire

Major engineering concern with high export content wishes to appoint a qualified Accountant (preferably Chartered) to the position of Financial Controller.

Knowledge of the financial management and control of large overseas and UK Government contracts would be useful but not essential.

Applications, including full details of career to date, will be treated in strict confidence and should be forwarded to R. M. Marshall, Robert Marshall Advertising Limited, 30 Wellington Street, London WC2E 7BD. Please list in a covering note any companies to whom you do not wish your application forwarded.

Robert Marshall Advertising Limited



## Treasury Accountant

around £8500: car provided

... for a large company based in Central London, which has diverse interests in the food industry.

The job reports to the Group Treasurer and carries responsibility for specifying, forecasting, planning for and reporting upon our cash management requirements including working capital, fixed asset expenditure controls and foreign exchange exposure, as well as assisting in determining the best methods to meet the Group's financing requirements. Close and regular liaison with subsidiary companies is involved.

Candidates, ACA or ACCA, must have at least four years' post-qualification experience which has given them a very sound grounding in financial accounting, a good working knowledge of cash flow accounting and forecasting, and experience in the design and operation of both computer and manual systems.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ref. B.1986.

This appointment is open to men and women.

**AEI** CONFIDENTIAL RECRUITMENT  
A member of MSL Group International

17 STRATTON STREET  
LONDON  
W1X 6DB

## Senior Financial Systems Analyst

London

c.£9000

The Financial Systems & Development Department is concerned with developing and implementing new accounting systems and new approaches to the problems of financial planning and control. A recent project has been the introduction of a large-scale budgetary modelling system.

We now wish to appoint a Senior Analyst (male or female) within the Group whose responsibilities will include the further development of our accounting and associated systems.

The main qualifications for this position are a sound understanding of the principles of finance, accounting and systems analysis, coupled with wide experience of computers and computerised systems. Formal accounting qualifications, while desirable, are not as important as a record of practical achievement.

The annual salary range for this position is £8613-£9963 (inclusive of £156 Inner London Weighting). The actual starting point is negotiable within this range.

Please write with full details of age, qualifications, experience and current salary, quoting reference F(030501)/T/FT, to the Assistant Personnel Manager, British Gas, 59 Brynston Street, London W1A 2AZ. Closing date for applications is 28 August 1978.

BRITISH GAS



## FINANCIAL MANAGER

CHANNEL ISLANDS

c. £10,000

Our client is a commercial engineering undertaking which provides diverse essential services to the community. This key appointment will appeal to a qualified accountant with sound commercial experience, aged 35 or over, who values the quality of life in an area where the personal tax rate is 20%.

Supported by an adequate and experienced staff, the appointee will be responsible to the Chief Executive for the whole financial and administrative functions including the appraisal and continued development of existing computerised systems. As a member of the management team he/she will provide financial advice to the Board generally particularly concerning the implications of the economic situation on operating efficiency and future investments. Commercial awareness, the ability to conduct top level negotiations and maximise profitability are essential requirements for this challenging position.

House purchase can be arranged at reasonable prices and interim accommodation is available.

Applications to Miss Marion Williams.

Reginald Welsh &amp; Partners Limited.

Accountancy & Executive Recruitment Consultants  
123/4 Newgate Street, London EC1A 7AA Tel: 01-600 8387

## CASH MANAGEMENT

c £7000

The Electricity Council manages a debt of some £5,000m on behalf of Electricity Boards in England and Wales.

You will join the small team responsible for this work which includes the forecasting of the electricity supply industry's cash requirements, raising its funded and temporary borrowings, servicing existing loans, the management of cash flow and the provision of cash and interest forecasts. The work is both demanding and interesting.

You must be able to think creatively, have sound commercial acumen and the ability to communicate effectively, both orally and in writing.

You should have an accounting qualification or an economics degree and/or banking experience would be an advantage.

Salary will be within a scale £5730 to £7380 plus £286 additional payment.

Some assistance with relocation expenses given in appropriate cases.

Please write in confidence, giving age, career to date and present salary quoting ref FT/94 to:

Duncan Ross  
Recruitment & Development Officer  
The Electricity Council  
30 Millbank, London SW1P 4RD

ELECTRICITY COUNCIL

## Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession



### LEASING ADMINISTRATIVE EXECUTIVE

£7,500 min.

The demands for leasing services from our clients' banking operations are such that they are currently looking to appoint an executive with legal and administrative experience to their highly professional leasing division.

The position will involve responsibility for negotiating and co-ordinating a significant flow of leasing transactions on behalf of the firm and its clients. A minimum of three years relevant business experience is required, ideally including exposure to the legal and tax considerations of the equipment leasing industry. The appointee is likely to be accustomed to operational control, and must project a good marketing image in order to liaise with client management. A legal qualification or background will be particularly helpful.

This is an exceptional career opportunity to join an expanding division of a vigorously managed, multi-disciplined group which is involved in the provision of leasing facilities to industrial and commercial companies as well as to public authorities.

Salary is negotiable and an attractive range of company benefits including a merit bonus scheme will apply.

CONTACT: Sophie Clegg or Ken Anderson

### BANK RELATIONS

£ Negotiable

An international bank seeks a person to work in its Paris Office for two years in the Bank Relations Department and then return to the London Branch of that bank. The position involves the usual bank relation activity and, as a majority of the work will be in English, the applicant must be a native English speaker with a knowledge of French. Applicants should have preferably a university background and have approximately two years experience in general banking gained in a British or international bank.

CONTACT: Richard Meredith or Ken Anderson

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9



## The Marketing Scene

## Pan Am's \$30m a win for Ayer

AS PART OF a \$100m hat-trick of recent successes, N. W. Ayer ABH International has won the bid for Pan American World Airways' international advertising account, worth \$30m-plus, in recent weeks.

Ayer ABH, which has relieved J. Walter Thompson of the \$22m U.S. 7-UP business and successfully defended the U.S. Army recruitment account, now worth \$50m-plus.

According to William Waltrip, Pan-Am's executive vice-president for marketing and services, Ayer's appointment is effective from September 1 in the U.S. and from October 1 overseas, writes Michael Thompson-Noel.

The agency, it is said, wants to communicate a clear, consistent international image.

Previously, the account was split between ABB and Gargano, which handled \$12m worth of domestic U.S. Pan-Am advertising, and J.W.T., which handled \$20m worth internationally.

News that Pan American was seeking a single agency came on May 15. During the selection process, 20 of the largest U.S. agencies with international networks pitched in. By the time J.W.T. was K.O'd, the final review had become a straight fight between Needham, Harper and Steers, McCann-Erickson, Grey Advertising and N.W. Ayer.

McCann's was touted as the likely winner following a string of international account gains.

"That's the McCann posture," an observer said last night. "They play a very hard game."

(McCann's most recent UK success was the capture of Kodak's \$3m from J.W.T.)

For the British arm of Ayer ABH, Charles Barker ABH International, Pan-Am represents an estimated \$10m gain for its consumer agency.

Hegemann, of up to \$250,000 ABH clients, include Harp Lager and the Midland Bank as well as the recently acquired, \$600,000 Mercedes truck business. It is showing projected billings this year of \$12m-plus, 25 per cent up on last year.

Total group billings, says chairman Julian Wellesley, should reach \$45m.

According to William Waltrip, "The objective of the search was to find an agency most capable of creating and implementing a wide advertising which will communicate a clear, consistent image of Pan-Am to travellers and the travel trade. We feel confident that N.W. Ayer best demonstrates that capability."

Marsh, the agency has had to turn down six opportunities to compete for business worth \$4m-plus.

"We have to ensure that we have the capacity to give the best possible service to existing and new clients, and the six opportunities we turned down would have stretched our capacity to unreasonable limits."

With so much new business around, we decided to invest heavily to create just that capacity in the new agency, ABH Kershaw, just as J.W.T. did with Lansdowne and McCann did with Universal McCann.

Peter Marsh said last night that Crossroads-Appleby's arrival "close on the heels of Goggin and Medall, will still further strengthen our management and move us closer to my ambition to make ABH the best managed agency anywhere."

It is also his off-repeated ambition to make ABH the biggest British-owned advertising group.

RECENT ACCOUNT moves in London have altered the ranking of Britain's top advertising groups, with the Saatchi and Saatchi interests now second only to Interpublic. According to Saatchi's own analysis of the latest figures, the current top ten groups in terms of MEAL billings are: 1. Interpublic (which includes the McCann satellites

and Wasey's, £69.5m; 2. Saatchi and Saatchi, £51.5m; 3. J.W.T. Group, £50.6m; 4. Ogilvy and Mather, £50.6m; 5. D'Arcy-MacManus and Masius, £48.2m; 6. Collett, Dickenson Pearce, £32.4m; 7. Dorland Group, £23.5m; 8. Young and Rubicam, £22.4m; 9. Ted Bates £21.9m; 10. Leo Burnett, £20.2m.

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## The facts that face the bread queue

BY MICHAEL THOMPSON-NOEL

NOW THAT most of us eat cake—not because we are decadent or frivolous but because of the unsolicited nastiness of most modern bread—the millers and the bakers, including Associated British Foods and Ranks Hovis McDougall, have formed the Bread Advertising Group with which they plan an attack on the historic decline of the great British loaf. In a sense, it is reminiscent of how Wall's launched its famous Sausage Revival campaign two years ago—a clever piece of marketing which used Adf Garnett to stress that the sausage was part of our natural heritage, brother.

However, the stakes for which the Bread Advertising Group is playing are altogether bigger.

Its plans include a long-term generic advertising campaign worth £1.25m to £1.5m a year starting later this autumn, through the length of the campaign is dependent on a "sales factory" change in public attitudes towards bread.

Several top agencies are competing for this prestige slice of business (as are several lesser ones who haven't even been asked). At the moment, the main contenders included J. Walter Thompson, Saatchi and Saatchi, Ogilvy and Mather, McCann-Erickson, D'Arcy-MacManus and Masius, and the Massimi Pollitt Univas.

What agency will they come up with? We shall soon find out, though in the meantime it is instructive to see how the millers and the bakers themselves, than any other commonly operating under the pressures of stoned food.

1—Progressive increases in living standards have inspired competition from a wider variety of more expensive foods.

2—The media have been voracious in persistent criticism of white bread, particularly in the form of "fat" and "sugar" attacks.

3—The decline of bread has been a by-product of a general decline in the consumption of all staples.

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5—Bakers are frequently criticised on the grounds that their products are made to the "natural" product despite the fact that permitted additives and processes employed are very strictly controlled by legislation based on expert advice from specialised bodies such as the Food Standards Committee.

4—For centuries the British have overwhelmingly preferred white bread to brown. On the other hand a body of medical opinion now recommends that public policy favours brown bread, preferably wholemeal, to the exclusion of white.

(5) Bakers are frequently criticised for offering a narrow range of choice and for concentrating on the loaf with the blandest flavour, variously described as "cotton wool" and "flannel".

Desire for variety is evidenced by an increase in sales by master bakers and hot bread shops (the effect, small bakers who bake within sight of the customer) but this development is limited by the considerable premium that must be charged by comparison with standard plant bread, and by the advantages of convenience and better keeping qualities of the wrapped product.

These criticisms overlie a vitally universal decline in bread consumption throughout the West which stems from:

(a) the declining expenditure of physical energy in all forms of labour as machine replaces muscle; (b) a shift towards more sophisticated, prestigious and convenient types of food made possible by

increasing affluence and changing patterns of life.

It should be added that after many years of decline bread consumption in the U.S. appears to have stabilised, though at a significantly lower level than in Britain.

We envisage a qualitative TV campaign with a strong emphasis on nutrition and comparative value for money. Additionally, we require some form of PR activity aimed at opinion formers.

There will be a client committee of three, which will be known as the Bread Advertising Committee. A senior director will be required to represent the agency and to control the campaign under the direction of the committee. The quality and status of such an executive offered by the agency will have a strong bearing on the agency selected.

After the war a generic campaign, "Use your loaf, begin in 1957 and ran into the TV advertising era. Undoubtedly this slowed the rate of decline, but the decline continued. A further generic campaign, Six Slices a Day is the Well Balanced Way, was started in 1971, but was stopped before its effect could be properly judged. No further generic advertising has been undertaken since.

Consumption has continued to decline, with the exception of sales campaign.

Medical and nutritional opinion over the past years has criticised white bread for the lack of some nutrients and dietary fibre, which are removed in the size of the overall market. It has advocated much.

On this basis there is the possibility of increasing bread sales overall. However, an advertising campaign to this end should not rely too simply on "Eat more—", since the one unassailable nutritional fact in this country is that we all eat too much.

The aim of a generic campaign must be to change the attitude to bread of the greatest possible number of people, many of whom pay scant attention to the nutritional qualities of the food they eat. The message must be simple and appealing, with a slogan that will stand the test of time. It should stress that bread is not just a dull food, that a large variety of bread is available in this country, that it is good value for money, and that it has sound nutritional qualities, that is, the campaign should have simple mass-appeal based on reliable nutritional opinion.

Outlets for the main campaign are obviously television and women's magazines, since women are the chief buyers of bread. However, it should be backed up with opinion forming advertising in the influential Press. It will also be supported by public relations activities undertaken in co-ordination, but on a separate budget, by the Flour Advisory Bureau, the publicity arm of the National Association of British and Irish Millers.

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## ABM plans expansion; Saatchi Group No. 2

WITH PROPOSED billings now in excess of £10m, Allen, Brady and Marsh plans major expansion of its associate agency, Kershaw Advertising and Marketing.

Kershaw Advertising and Marketing, which is being renamed ABH Kershaw, is ABH chairman Peter Marsh says he plans substantial investment to build the agency into a major force in its own right.

In recent times ABH's voracious new appetite has produced a series of consecutive successful competitive pitches, including Harp Lager, Berger Paints, BAT, Express 555, Sealink and Hovis. But in the last 12 months, says Mr. Marsh, the agency has had to turn down six opportunities to compete for business worth \$4m-plus.

"We have to ensure that we have the capacity to give the best possible service to existing and new clients, and the six opportunities we turned down would have stretched our capacity to unreasonable limits."

With so much new business around, we decided to invest heavily to create just that capacity in the new agency, ABH Kershaw, just as J.W.T. did with Lansdowne and McCann did with Universal McCann.

Peter Marsh said last night that Crossroads-Appleby's arrival "close on the heels of Goggin and Medall, will still further strengthen our management and move us closer to my ambition to make ABH the best managed agency anywhere."

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## Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## METALWORKING

## Robot in hot powder forging operation

HOT-FORGING via the powder metalurgy route is gaining a great deal of interest among engineers, particularly in the U.S. and Sweden. In the former country, the large-scale Sintering and Plasinting (SSP) have been pioneers in the technology, starting its investigations into it some ten years ago.

Contrasted with conventional forging procedures, hot P/M forging permits better control of physical properties, and results in a part needing less machining. But, if castings cannot be kept low, these benefits soon disappear.

ESP, to achieve this goal of low costs, is using robot handling on production runs in hot lot sizes run from 10,000 to 40,000 pieces.

The equipment used is a Universal Industrial Robot, a production labour has been roughly halved.

The decision to go over to the robot handler was made some three years ago and it resulted in the development of what is an interlocked and synchronised production system made up of the feeder for the sintered compact parts, the controlled atmosphere furnace, the forging presses and the robot itself. It has been found by exper-

iments that the set-up of economical even with production lot quantities as low as 2,000 parts. Smaller part handled has maximum dimensions little over 1 in. and the largest up to 4 in. long. Parts weight limit is 2.5 lb. the capacity of the furnace.

Production rate is one hot-forged P/M part each 12 to 18 seconds, depending on the type of part being forged—some have a projected area of 8 to 7 sq. in. and are 1 in. thick. In a two-cavity die is used, forging production will be about doubled.

General-purpose robots of this type are programmable, robot handling or tool-handling machines able to control and synchronise the equipment with which they are working. The ESP unit has an electronic memory and control system to direct the actuator arm.

Unitate is building machines with four arm and wrist movements and memory size runs from 128 to 2,048 steps—most industrial jobs need no more than 100 steps. Positioning repeatability is to 0.05 in.

Unitation Europe, Units A3/A4, Stafford Park 4, Bedford, Salop TF9 3AX. 0952 64361.

Further details from Cincinnati Milacron, electronic systems attached to the machine slides division, Caxton Road, Bedford MK41 0BT. 0234 45221.

Memory storage extends to 32 programmable events.

When the slide reaches a commanded position, the feed to that axis is turned off. The controller continuously monitors the actual position and the actual position as indicated by the encoders. The difference between the two is registered in the computer. So no correction for any difference observed, the latter automatically adds in a compensation factor in the next cycle.

Once this has been done during machine set-up, this value will, if necessary, be modified automatically in increments either of plus or minus 0.01 mm or 0.0001 in. to correct for minor machine inaccuracies during the production run.

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## INSTRUMENTS

## Co-ordinate checks made precisely

MOVING into the larger end of mechanical component measurement, C. E. Johnson has developed the Cordimet 1200 co-ordinate measuring machine offering a capacity of 1200 x 800 x 50 mm.

The instrument has a bridge construction with the bridge carriage moving in the x-axis; for y-axis movement the whole bridge runs on air bearings to its two ends, while the central column on the bridge carriage moves up and down for z-axis data.

The bridge runs on a massive granite table and to further improve stability is itself fabricated from granite.

Air bearings are also used for the carriage, so that manual displacement of the measuring probe requires little effort and wear is eliminated.

Resolution of the machine is 0.002 mm while the repeatability is of the same order.

Readings appear on a digital display on a separate console which also provides computational facilities via a micro-processor.

More from the company at 68, High Street, Hove, Brighton, Sussex, BN1 1AB. (0882 68151).

The machine is being marketed in Britain by Neston Textile Machinery Company, Lough-

borough, Leicestershire, in conjunction with BOC, who will supply the liquid nitrogen.

The process has been developed and successfully used in Japan. The UK is only the second country to adopt the new technique.

Apart from speed and versatility, other benefits include a better feel and look to the finished garment, lower resistance to the passage of a needle, and a reduced tendency of fine knitted yarns, such as jersey, to break during sewing.

During the manufacture of fabrics, residual stresses remain

medium of 15 minutes and high speed of 15-20 minutes.

Effective with iron, steel and brass, Hylogrip locks and seals metal parts together by means of a monomeric or low polymeric material which polymerises in the absence of air, using the metal as a catalyst.

A Hylogrip primer is also available in 1 and 1 litre bottles, and may be used to give an accelerated curing time. It has the advantage of removing oil and grease from the surfaces to be bonded.

Marston Lubricants, adhesive and sealant specialists.

Available in three grades to give high, medium or low viscosity and three torque breaking strengths, the product, called Hylogrip, will cover all the requirements of a locking and retaining compound, so simplifying the selection problems of engineers.

With application in the automotive, marine and domestic appliance manufacturing industries and in general engineering, Hylogrip can also be used for metal-to-metal cylindrical components or face-to-face joints where it is required to retain the joint without movement.

Curing time varies according to viscosity—low viscosity has an average cure time of 10 minutes.

Further details from Marston Lubricants, 100, Victoria Road, Loughborough, Leicestershire, LE11 1AB. 0506 51177.

• COMPUTERS

## National's point of sale drive

NATIONAL Semiconductor has entered into an agreement to provide up to \$14m Datachecker electronic supermarket stores program (MIP), a flexible program to Acme Markets Inc., Philadelphia, and Alpha Beta Company, La Brea, California, to be run in the store.

These reports provide in-store management with real-time

access to the Datachecker data-base, accumulated from sales transactions processed at the electronic point-of-sale terminals.

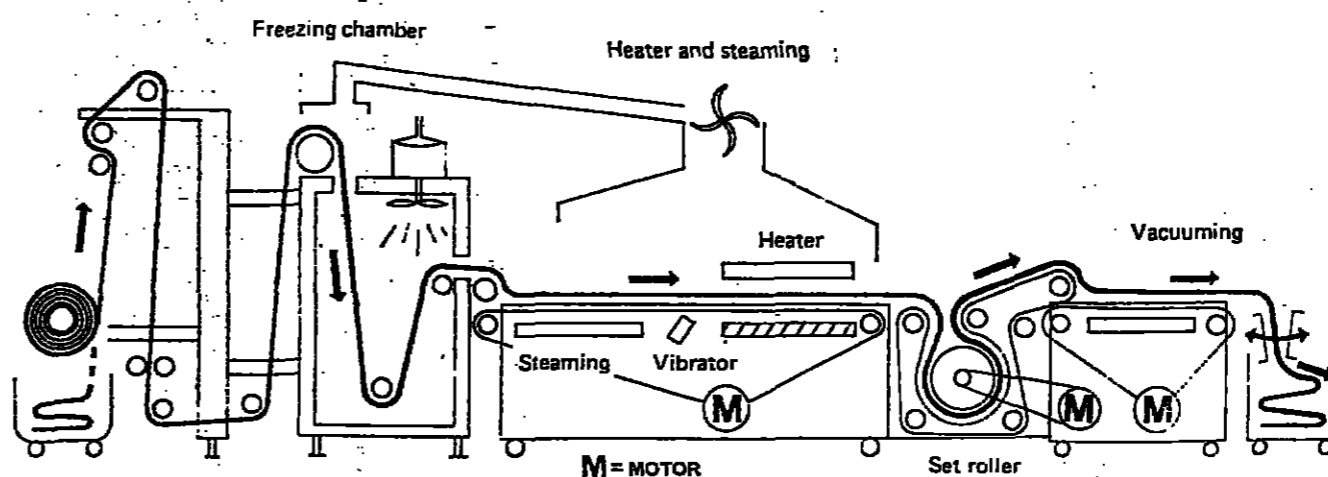
National on 301 Harpur Centre, Horne Lane, Bedford MK40 1TR. 0234 211262.

Acme markets, which will use up to \$7m worth of the equipment plans to instal Datachecker systems in its existing stores. Acme has completed a successful trial of Datachecker products in three stores in the past year, and recently installed systems in five additional locations. Between 150 and 200 store locations will be covered by the new contract.

The comparable contract with Alpha Beta is the third major agreement with the chain, which operates in California and Arizona. It introduced Datachecker equipment about five years ago and currently uses the systems in roughly two-thirds of its 300 store locations.

In addition to using Datachecker hardware both chains plan to have National's management information processing program (MIP), a flexible program to Acme Markets Inc., Philadelphia, and Alpha Beta Company, La Brea, California, to be run in the store.

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## TEXTILES

## Stops fabrics from shrinking

NEW CONCEPT in the finishing of fabrics—the Juki process—reduces shrinkage, improves the look of the material and makes it easier to work with.

In addition, the new process, which uses liquid nitrogen, promises to be more economic and efficient than conventional methods of reducing shrinkage.

At the heart of the process is a sponging machine, which uses the intense cold of liquid nitrogen. It can operate at high speeds and treat a wide range of fabrics.

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borough, Leicestershire, in conjunction with BOC, who will supply the liquid nitrogen.

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The real thing: Cyril Pucknell, a master baker for 20 years, and his son at work in their Manor Bakery in Wallington, Surrey. They use a 100-year-old, side flue, brick oven.

seems likely that unless generic advertising is undertaken now, the decline will continue.

The bread industry of this country is made up of a large number of small master bakers and a few large firms producing bread from plant bakeries. The latter part of the industry has suffered from over-capacity, but this has now been largely corrected. Bakery profits are still unacceptably minimal, and the industry is fragmented. It is for these reasons, and because 65 per cent of four milling output is for bread, that the millers have decided to finance a major bread sales campaign.

Medical and nutritional opinion over the past years has criticised white bread for the lack of some nutrients and dietary fibre, which are removed in the size of the overall market. It has advocated much.

On this basis there is the possibility of increasing bread sales overall. However, an advertising campaign to this end should not rely too simply on "Eat more—", since the one unassailable nutritional fact in this country is that we all eat too much.

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# Iran takes a long view

BY ADRIAN DICKS

WOULD YOU, given the choice of how to invest between DM1.4bn and DM1.5bn (£270m, let us say) over the past four years, have put the lot into a single tradition-heavy, closely-controlled business dependent for half its sales on steel and shipbuilding, and employing 90 per cent of its huge work-force in West Germany, the world's most expensive labour market?

No? Then you might have been surprised to learn that the Shah of Iran, with access doubtless to better financial advice than most of us, has done just that. Fried Krupp GmbH, holding company of the group that bears Germany's best-known industrial name, ended an enduring, if minor, mystery of international business recently when it revealed that this is the price Iran has paid for its by now vast stake in the group.

Starting in 1974, the Shah's advisers bought 25.04 per cent of Fried. Krupp Huettenwerke, the publicly-quoted steel-making subsidiary, for a reputed DM300m. In 1976 they acquired the first instalment of what became in late July a 25.01 per cent holding in Fried. Krupp GmbH for what is now known to be DM370m. In the autumn of 1976 Iran took 40 per cent each of two big Krupp companies in Brazil, paying in excess of DM250m.

## Fears evaporate

To date, all this adds up to the biggest industrial investment any oil state has yet succeeded in making in a western industrial group. Fears of Middle Eastern "domination" of the commanding heights of the German economy, heard when the first step was announced, and when oil interests seemed likely to take over Daimler-Benz, seem to have evaporated. The Shah's representative on the Krupp supervisory board has evidently assured his colleagues — half of them now elected by the group's employees — that Iran has no interest in moving beyond its blocking minority to a majority holding.

It is easy to see what Krupp has got out of the deal. The holding company has cash reserves of nearly DM 900m thanks to Tehran's subscriptions to three successive capital increases. Krupp is now, as its finance director put it, a net creditor of the banking system — a comforting feeling for a group that was pressed hard by its bankers a decade ago when the last Krupp proprietor died.

Moreover, Iran last year provided 10 per cent of Krupp's export business — though Krupp men claim they have won no orders that were not competitive in their own right. Some of those sales were paid for in Iranian crude oil, on which Krupp claims to have made a good price when shipbuilding, and employing 90 per cent of its huge work-force in West Germany, the world's most expensive labour market?

In spite of spectacular orders, especially from the Comecon countries, for its sophisticated engineering know-how and plant construction, Krupp's results have been heavily burdened in recent years by the crises in two of its biggest areas of activity, steel and shipbuilding. Rationalisation in these two areas, involving a heavy run-down of manpower according to plans adopted several years back, still has farther to go and will be costly.

## Probably unique

That is true of most other German steel groups, but Krupp is now probably unique in its financial insulation against hard times. It may even be in a position to start thinking about an acquisition in North America of the kind that has become de rigueur for big German companies.

But what has Iran got in return for its investment? In financial terms, not much from either the holding company (a DM 5m dividend this year) or the steel subsidiary, FKH (which lost DM 40m). Krupp men insist that Iran has never set financial targets or indicated what dividends it expects: the talk is all of outstanding co-operation, partnership and of the general expertise which will rub off from close acquaintance. There are, in addition, training schemes for Iranian engineers and executives.

Not least, the Iranians are simply in a position to see how it is all done by a big, sophisticated company from the inside — and without the bother of numerous shareholders for whom Krupp acquisition they are thought to have dealt mainly with Herr Berthold Beitz, right-hand man of the last Krupp and now chairman of the supervisory board with voting powers for the Krupp family foundations. 74.99 per cent holding — as close to a Shah as anyone in West German industry can get these days.

Not the least of the many services Herr Beitz has rendered Krupp, however, is to have found a shareholder with apparently so few demands to make. There must be many businessmen who wish they could get equity finance from an investor ready to take such a very long view.

# Time to streamline the European Court

THE NUMBER of cases brought before the European Court of Justice in the first six months of this year was 157, almost as many as for the whole of 1977. This increase in the Court's workload is no chance occurrence. Not only has there been a steady rise in the number of cases dealt with by the Court over the 21 years of its existence, but it is a safe guess that the rate will accelerate in the near future. One reason for this is that British business is only now becoming aware of the scope offered by recourse to EEC law. The European Court has underlined this by insisting that judges in national courts should give precedence to EEC rules even if they conflict with national practice, or with newly introduced national legislation. All this is likely to increase the number of references from national courts asking the European Court to decide specific issues of Community law.

The second factor contributing to the increase in the workload of the Court is the activity of the EEC Commission. Frustrated by the impossibility of obtaining political agreement for its various schemes in the Council of Ministers, the Commission is increasingly using

the Court as a last resort, bringing actions against member States which it considers have failed to fulfil their European obligations.

For example, it is now embarking on a series of law suits against Britain, Denmark, France and Italy, all of which are accused of tax discrimination against imported alcoholic drinks. In particular, the Commission is bent on undoing the historical discrimination against wine which has resulted in the British drinking beer by the glass. Also the Commission's proposals designed to protect French wine against the competition of cheap Italian wine, if passed, will inevitably keep booze to the forefront of the Court's attention.

Another source of new cases might be the Commission's new policy of making provisional decisions removing immunity from fines for restrictive agreements notified to the Competition Department.

The Court already has a steady influx of cases referred to it by national courts asking for interpretation of the rather obscure provisions of the European Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters, and must

prepare for an even greater workload from the Community Patent Convention. Also the litigiousness of the staff employed by the various institutions of the Community continues unabated and the Court has to give a considerable proportion of its time to complaints by Community officials

who feel that they should have been promoted or transferred to a more desirable job.

This description of recent developments is far from complete but is quite sufficient to show that the Court is a multi-purpose institution. It is the supreme authority to which national courts turn when uncertain about an issue of Community law — and this includes not only the three basic treaties but also, further European conventions. It is a court of appeal against the decisions of the Commission. It is an administrative court to which private parties can complain of maladministration or inaction by the Commission. It functions as a constitutional court in disputes arising out of the Euro-

pean treaties between member States and between them and the institutions of the Community and can invalidate Community regulations and directives. And, last but certainly not least, it is the industrial tribunal for staff working for Community. The increase in the Court's business

proposal because simply to increase the number of judges will be of little avail unless the organisation of the Court's work is radically changed. But the call for more judges should provide member governments with the opportunity to impress on the Court the need for an organisation and methods study designed to eliminate the present wasteful use of legal talent and to reduce the need for so many translations. These hold up the Court's work because deliberations of the judges are mostly conducted by circulation of documents and notes many of which have to be translated, and judgments are often drafted in French first, whatever the language of the proceedings.

Any proposals which require a revision of the EEC Treaty can probably be dismissed as impracticable. But within the confines of the Treaty, four approaches to reform seem worth considering.

The first would aim at relieving the Court of most of its staff cases, either by accepting the proposal of the staff-unions that there should be an arbitral committee to deal with individual complaints or the Commission's idea of an administrative tribunal with a chairman appointed by the Court.

The second reform would relieve the Court of the necessity of dealing with all references from national courts in plenary sessions. It is within the power of the Council of Ministers to change this rule if asked to do so by the Court.

The third labour-saving device would be for the Court to treat its Advocates-General as *de facto* judges of the first instance, revising only those parts of their opinions to which the parties objected. This would assume that parties to a dispute, including member governments, would be allowed to make submissions after the Advocate-General has presented his Opinion or to accept it as a satisfactory solution of their dispute.

The adoption of reforms along these lines, or of other reforms with similar effect, could reduce the number of cases in which individual judges have to be involved. This in turn would cut down on the need for so many translations. Instead of increasing its staff of translators, the Court could increase the number of legal assistants, and even employ some economists to analyse the background and possible consequences of decisions — surely indispensable in a court which aspires to the role filled by the U.S. Supreme Court.

## Injured Shirley Heights out for rest of the season

SHIRLEY HEIGHTS, who injured a tendon on John Dunlop's Arundel gallops at the weekend, will not race for the rest of the season. It will probably not be known for some time whether he can resume next year.

Although the mishap to the dual Derby winner is clearly a hard blow to British racing, there is at least some compensation in knowing that the timing could have been considerably worse. For the national steeplechase now being looked forward to the acquisition of such a potentially top class son of Mill Reef had the colt been ruled out for the season a few months earlier.

Moreover, it is heartening to know that in the de Bourbons (now generally quoted at 13/8 for the St. Leger), England still appears to have a top class colt capable of repelling the overseas challenge for the country's oldest classic on September 16.

At Salisbury today, Ile de Bourbon's handler, Fuke Johnson, auctioneer (responsible for the 1967 St. Leger winner, Ribocco, and the following year's hero, Ribero) could add to his already outstanding record for 1978 through Water Ballet. This good-looking bay daughter of Sir Ivor's sire, Sir Gaylord, was far from disgraced last time out in a mile handicap at Pontefract, where lack of finishing pace saw her lose to Bertie Me Boy in the valuable Larch Handicap.

Although that Pontefract race was in May, there seems little doubt, judging by the remarkable open six furlong heat yesterday, that Water Ballet will be ready to do herself full justice over the 11 miles of the Upton Stakes — a trip which will suit her ideally.

Ryan Pries, whose colt Gibraltar ran a good race without being quite good enough to open his account here yesterday, could have better luck this afternoon through the twice-

2.00 Starting...

2.30 Amadeo...

3.30 Admiral Grenville...

4.00 Water Ballet...

4.30 Carrigan...

5.00 Great Expectations...

2.15 Arizona Pie...

4.15 Chalumeau...

4.45 Native Spring...

2.00 Starting...

2.30 Amadeo...

3.30 Admiral Grenville...

4.00 Water Ballet...

4.30 Carrigan...

5.00 Great Expectations...

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4.45 Native Spring...

2.00 Starting...

2.30 Amadeo...

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Thursday August 10 1978

## High stakes at Camp David

PRESIDENT CARTER is considerably raising the stakes in the Middle East negotiating process by convening the meeting early next month with Mr. Sadat and Mr. Begin at Camp David. The announcement comes at a time when both Israel and Egypt have shown signs of diminished flexibility, while the meeting itself will be close to two important dates in the Middle East calendar: first, towards the end of September, the Sinai disengagement agreement of 1975 comes up for renewal; and secondly, October has been set by Mr. Sadat as the month during which he will review his Middle East peace initiative, which began with the visit to Jerusalem last November.

## Intransigent

It does not appear to have been very difficult for Mr. Cyrus Vance, the U.S. Secretary of State, to secure the agreement of Mr. Begin and Mr. Sadat to take part in the Camp David summit. Mr. Begin could not have refused without again appearing the more intransigent of the two men—something which Mr. Sadat has been doing lately with his demand after the inconclusive Leeds Castle meeting of foreign ministers last month that Israel must commit itself to withdrawal from the West Bank and Gaza Strip before peace talks could continue. For Mr. Sadat the Camp David meeting is a sufficiently lofty forum to enable him to extricate himself from the implications of that statement, and at the same time to demonstrate to American public opinion, which has been showing some signs of restlessness with him, that he is not obstructing the peace process.

The first consideration is very important because Mr. Sadat has been under especially heavy pressure in recent weeks from other Arab states to accept the failure of his peace initiative and allow a degree of unity to be re-created in a fissured Arab world. Significantly this pressure has mainly come from Saudi Arabia which, never excessively enthusiastic about the Jerusalem visit in its first place, has recently been explor-

ing what is needed to achieve a rapprochement with the Arab rejectionists.

Yet this is a factor which may limit the freedom of manoeuvre at the Camp David summit. He has already given up some ground for which other Arabs will not lightly forgive him: he has for example dropped his commitment to the Palestine Liberation Organisation in respect of the occupied territories and ignored Syria's claim to the restoration of the Golan Heights. This may be the moment for Mr. Begin to make an advance on Israel's official negotiating stance.

Much depends on what role the U.S. Government plays at the meeting. Mr. Carter is no doubt conscious of the fact that a successful conference could help retrieve his somewhat battered reputation in foreign affairs and boost his domestic position before the mid-term Congressional elections.

## Positive role

Mr. Vance has indicated that the U.S. still wants to remain the neutral chairman, rather than to take an active role in imposing a settlement. He may feel that the U.S. can best assist by intervening in the talks as the need arises to remove obstacles and misunderstandings rather than by presenting its own proposals and attempting to gain their acceptance. This is likely to be more acceptable to Israel, which is extremely sensitive to any suggestion of U.S. pressure on it. Mr. Sadat feels, however, that given the advantages Israel possesses both in military strength and in underlying political support in the U.S., the Carter Administration must take a highly positive role if there is to be any chance of progress.

A summit meeting with direct U.S. involvement is unprecedented and the consequences of failure are obvious. But there are another three and a half weeks to go before the summit takes place—time for preparations to be made and new positions considered which could ensure that the meeting at least opens the way to a more fruitful negotiating process than we have seen so far.

## Cartels are not easy

STEEL shipbuilding, and man-made fibres would feature high on anyone's list of manufacturing industries which have been hit especially hard by the slow down in world trade. Cyclical problems are not a new experience for any of them. But the present recession has gone deeper and has lasted longer than any they have seen since the 1930s. The difficulties this has created for the producers of Western Europe, North America, and Japan have been made no easier to resolve by the emergence of substantial production and export capacity in some of the lesser developed nations, a process which is still continuing.

In each industry, discussions have been held at international level with a view to achieving a co-ordinated approach to the problems of over-capacity and competitive price-cutting. The talks have involved different groups of countries and have travelled along different paths, but they have all made only limited, albeit varying, progress.

## Hurdles

The EEC fibre producers appeared to have achieved the most success before their capacity and production agreement was stalled by the European Commission. The agreement was designed to stabilise fibre capacity within the Common Market and then to reduce it in a way which would satisfy the interests of the producers of Northern Europe, who had been already adapting to the lower levels of demand by closing and rationalising their plants, and those of Italy who had a lower share of the fibres market and wanted to catch up.

The stumbling block has been the Commission's unwillingness (and probably eventually also the Council of Ministers') to sanction a derogation from the Community's competition rules which might permit the formation of similar "crisis cartels" in other sectors. Even if this hurdle were to be surmounted, it is an open question whether the cartel could be made to work in the face of continuing pressure from imports not only of fibres, but also of textile and clothing products with which the fibre makers' own customers have to compete.

## Share out

Not everyone would accept cartels as a way of managing industrial crises. They may help to share out difficulties and they may ease or make more politically acceptable the process of adapting to new patterns of demand. But, as experience earlier this century showed, they will work only if the participants have the will to make them work and are prepared to accept a measure of common discipline.

Either way, with or without cartels, there can be only one aim. This must be to bring about a better and reasonably expeditious balance between supply and demand in a way which promotes the long-term health of the industry without imposing too great a demand either through artificially high prices or the consumer or through excessive subsidisation on the taxpayer.

## Behind the car sales boom

BY TERRY DODSWORTH, Motor Industry Correspondent

BRITISH car registrations are very likely to come close to a record in 1978. Indeed, if the early figures for August are anything to go by, the 1.66m sales in 1973 could well be exceeded by a comfortable margin. Many dealers believe that they have that target licked already. "Virtually everything is sold," says one ebullient salesman in London. "As soon as cars come into the showroom we are chucking them out of the doors."

This turnaround from the depressed market conditions of the past four years has caught most of the British industry by surprise. At the beginning of the year, official forecasts were predicting a slight increase on last year's sales of 1.32m. But since then, they have been in a constant spiral of upward revisions, with the latest, most optimistic forecasts coming out at about 1.7m and even the lowest estimates are now well above 1.5m.

No single reason can be given for this abrupt reversal. A similar upturn occurred in Europe's biggest markets, Germany and France, about two years ago, and has since levelled off so that this year both countries are expecting similar registrations to those recorded in 1977. In Italy, which has gone through a similar unhealthy patch to that experienced in the UK, sales have actually dropped this year by 5 per cent. If events had gone according to the UK forecasters' charts, the market would have begun to accelerate this year, and then moved forward to a new peak in 1979. Instead, a number of factors seem to have combined to stimulate sales earlier than expected.

First, there has been a palpable improvement in the level of consumer confidence. According to the dealers who have to sell the cars, people—and companies—are once again buying because they want to, not because they must. "If this country is still on a precept, no one can see it," as one of the dealer put it.

Secondly, the moderation of price increases has encouraged this return of confidence. All the big UK companies (with a little Government prompting) have now committed themselves to two price rises only a year, compared with the four hefty increases which became the accepted norm in 1975-77. This year, the overall growth of car prices should be limited to rather less than 10 per cent compared with 20 to 30 per cent about two years ago.

Third, the improvement in personal disposable incomes of between 6 and 7 per cent in the past 12 months has stopped the slide away from new car buying

among private customers. The proportion of private, as opposed to corporate, customers is still low in the UK, and is not likely to be reversed in the foreseeable future—simply because of the strength of the corporate sector. But some dealers are noticing a distinct return of interest among private customers: "I think people have become accustomed to the idea that they will now have to pay £1,000 more for their car than they were doing three years ago," says one Leyland dealer.

The fourth factor, the improvement in company liquidity and the increasing buoyancy of the fleet market, has perhaps had the most far-reaching effect on the market this year. All the evidence suggests that the company market in Britain, by far the biggest in Europe, is continuing to make advances. Subjective dealer responses put the company purchase share in sales at between 60 and 70 per cent and it has clearly been boosted this year by the trend towards a more normal replacement pattern for cars.

This means that companies are now tending to replace their cars after about two years, on the grounds that vehicles which have been run for about 40,000 odd miles cost too much to maintain. In the aftermath of the oil crisis, many groups put a financial straitjacket on their car fleets because they could not afford the outlay on new vehicles and preferred to suffer the higher service bills. But they have since reached a stage where they have to replace.

Company sales have also been boosted by the fact that cars what they are awarding to their managers.

This month is the critical period in determining whether the boom will result in a new annual market record or just fizzle out: a short-lived phenomenon. August is traditionally the best buying period of the year because of the introduction of the new registration suffix, which has both a certain commercial worth in dating a car for resale, and a great deal of status value for new buyers.

So far, sales have been good, certainly high enough to attack the record of 234,000 units set in August 1973. About 80,000 cars were delivered on the first day of the month (many vehicles are ordered in July for delivery on August 1), far more than on any other individual day on record, and 133,000 registrations made their way onto the books in the first seven days.

First indications are also that the traditional pattern in favour of BL and the imported marques is being followed. This is because August tends to be the biggest month for the private buyers for whom the kudos of a new registration plate is a much higher factor in the buying equation than for corporate customers. Thus the BL range, which is still angled more towards the private sector, usually does better in August at the expense of Ford.

In addition, BL is now much better stocked than its U.S. owned competitor. This is partly a result of BL's disappointing run of sales in the past four months, when it has been totally dominated by Ford

in the popular car sector. The effect of this period, and Ford's extraordinarily successful July, when it captured 35 per cent of the UK market—its highest figure since October, 1961—is to have reduced the company's stock level at a time when output is low because of plant holidays. It is already acutely short of its most popular Cortina and Escort lines and these difficulties can only intensify if the market goes as high as the 265,000 that some competitors are predicting.



By contrast, BL started the month with about 110,000 cars out in its dealer network, all of them ready to be sold on the spot. Significantly, it has good availability of the Marina, the car designed as a competitor to the Cortina, but less than half as successful in the UK so far this year.

## All the signs were good

Clearly, August will be a crucial month for BL, which has had a hard fight all year to maintain its position in Britain. Dealers at present are divided about its prospects, the first and most important, being that the domestic manufacturing sector has continued to suffer from disappointingly low output. Every one of the big four manufacturers has been hit by serious disputes and disruptions to output this year, the most important recently being at the Chrysler Linwood plant in Scotland which makes its larger volume Sunbeam and Avenger models. As a result, output was only up by 3 per cent overall in the first half year compared with a 22 per cent increase in the market. In the April to June period, at a time when there could be no doubt about the expansion of sales, output went into a declining trend, falling by 3 per cent compared with the previous quarter.

Secondly, the big Continental producers are now making a major thrust into the UK following Britain's entry into the Common Market and the dismantling of tariff barriers. Most of these companies, having already established broadly-based franchises throughout Europe, are in a position to invest heavily in this expansion. At the same time, they are taking up any of the slack left by the gradual diminution of Japanese car sales in the UK which followed the March agreement to limit shipments from Japan to the same level as last year. Third, the importers have introduced a wider range of

attractive products into the UK. This inevitably undermines the appeal of the domestic manufacturers, if only because of the novelty value of the newer vehicles. In many cases they are also extremely keenly priced because of the intense competitive pressures in the lower reaches of the market.

Fourth, the big American multinationals are now following a long-term policy of importing part of their range from their other plants in Europe. This category of vehicles will probably account for between 5 and 10 per cent of the UK market on a fairly permanent basis—last month they achieved a 6.8 per cent share—although the mix of products will vary depending on the needs of the particular importers. Both Vauxhall and Chrysler, for example, have considerable capacity available in the UK which they are aiming to use. But there are some vehicles which they will prefer to make outside, and there are distinct signs that Ford, the biggest importer, is now planning its future expansion in the UK in the component rather than car assembly sector. Even BL has now begun importing a few cars from its associate plant at Seneffe, Belgium.

So far this year, Ford has been by far the largest importer into the country, selling about 80,000 foreign-made cars (which account for some 30 per cent of its own sales) against Datsun's 60,000, and taking leadership from BL only by virtue of its imports. Ford has registered 177,000 UK-made cars against BL's 205,000.

Thus at the end of the day, most importers of cars of all kinds will make the biggest gains out of the surge in the market this year. Over the longer term, it is very hard to see how these gains, once made, can be reversed. The multinationals are not going to abandon their new-found production flexibility as part of their manufacturing pattern. Thus the main burden of stemming the flow must fall on the beleaguered BL and Mr. Michael Edwards' new management team.

## MEN AND MATTERS

## Date for leaving the dock

"The City won't let me go," said Sir Bernard Miles cheerfully. "Think of it—a professional comic on tap." He was giving me the news that the date for the closure of the Mermaid Theatre has now been fixed: September 30. Not the permanent closure, needless to say; the Mermaid, founded by Miles 25 years ago, will be shut for at least 18 months while the seating, backstage facilities and restaurants are enlarged. This is part of a development at Puddle Dock being financed by Touche Remnant, investment managers, who will themselves be moving from London Wall to offices over the theatre.

Sir Bernard, who will be 71 next month, was gratified recently at being called "an elder statesman" before giving an after-dinner speech in the City. He is also proud of having now spoken a total of 1,25m words of Samuel Pepys during his lunchtime readings at St. Olave's Church near the Tower on the first Thursday of every month.

What will happen to the Mermaid staff at the end of next month? There are going to be some tearful partings: all the restaurant waitresses, some of whom have been with the Mermaid since the sixties, will be paid off. But Miles will retain a nucleus from the theatre. There are tentative plans to perform in a barn at Milton Keynes.

Miles will be restless to ring up the curtain again in the City. "I cannot forget how they let us start at Puddle Dock without any planning permission or proper lease—they just told us to get on with it." Perhaps most problematic is whether, when it returns sometime in 1980, the Mermaid will be able to regain that ad hoc air, that certain bohemianism, which has always been its special charm.



## Law of the jungle

It takes time and a cool head to work out who has title to Brazilian land: it means wading through a jungle of full titles, leases, and titles waiting for legalisation. Many of these are as deep and impenetrable as the darkest Amazon itself. Even so, when an enterprise owned by Daniel K. Ludwig lays claim to 7.5m acres that is very cool; it is an area considerably larger than Wales.

Ludwig might be thought to have the means to digest such a large bite. His fortune is estimated at \$3bn. But the land institute of Para State in the Amazon has just granted his Jari Enterprises legal title to a mere \$35,000 acres.

The 81-year-old Ludwig may get a further 150,000 acres if the President of Brazil so decrees; the land he is claiming lies in an area considered important to the country's national security. Officials say the reduced spread is "quite

large enough" for Jari Enterprises to complete its forestry, timber, rice and cattle raising projects. The decision shows that Brazil is starting to keep closer track of foreign projects on its soil, especially in the much-coveted Amazon.

## Political painting

Obstacles to the return of Picasso's painting "Guernica" are multiplying. The huge canvas is now in New York, and there has been debate in the U.S. as to whether Spain is as yet in the "democratic state" which the artist specified as a pre-condition for its return. Now Picasso's daughter, Paloma, has declared that she will not allow the paintings to be returned until a party of Catalan actors, called "The Jugglers," are let out of prison. The actors were jailed in March for two years for insulting the armed forces. Paloma is a childhood friend of the director of the group, Albert Boadella, who has fled to France. Meanwhile, the town of Guernica is having a festival this month during which a full-sized reproduction of the paintings will watch over the proceedings in the town square.

## Silence seekers

If you are dedicated enough to be chairman of the British Noise Abatement Society, you must expect to receive some daunting complaints. Anti-noise campaigner John Connell, who also runs an export business in Mayfair, is accustomed to letters about everything from low-flying aircraft to somebody's overloud radio. But this week he had a plea for help from TV star Max Bygraves, who said that pneumatic drills had been thundering outside his flat for three weeks. "Will it never end?" he asked. Connell telephoned the noise control officer of West-

minster City Council, who said: "Is that the Bygraves we know and love—I'll go around there at once."

But Connell stressed that he is not just concerned to get quick service for comedians. His society's national council has on it such figures as banker, Sir Frederick Hoare and Sir John Betjeman, the Poet Laureate. It is affiliated to the International Association Against Noise, which has headquarters in Zurich, and is now completing plans for an October conference in Baden-Baden. The theme will be "Traffic Noise" and 1,000 delegates from all around the world are expected. Connell says that representatives from the police and local authorities in Britain will be there. Current research on electric vehicles is expected to be a focus of interest at Baden-Baden—whose mayor, Walter Carlein, happens to be Germany's foremost anti-noise campaigner.

I asked Connell if he had ever thought of asking Betjeman to write a poem in praise of silence. "I'll put it to him," said Connell. So if the Poet Laureate does compose a few stanzas, readers of this column might be well placed to savour them first.

## Grand slalom

Win a Nobel Prize and you will never be lonely again. Invitations from the international conference circuit come that much thicker, faster and more enticingly. Travel-weary Cambridge physicist Professor Sir Neville Mott tells me he has just turned down yet another academic jamboree, this time at Salt Lake City, despite the proffered temptation that he could "work in a skiing holiday in the Rockies." Sir Neville is

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Observer

## ECONOMIC VIEWPOINT

## A new approach to unemployment

NEW CONTRIBUTIONS to labour stock. Capital shortage knowledge can come from unexpected places. The Organisation for Economic Co-operation and Development (OECD), an international group of 24 nations with headquarters in Paris, has at times been known as "the British Treasury in exile." It has been chiefly notable in recent years for growthmanship on a world level, and it was especially active in urging a co-ordinated demand boost on Governments before the July summit.

But the organisation is monolithic and a section of the Secretariat which serves the Manpower and Social Affairs Committee has pioneered a new and more promising approach to the seemingly intractable rise of unemployment that has hit the Western world since the late 1960s. It is set out in a document entitled "Medium Term Strategy for Employment and Manpower Policy" (available in London from HMSO), which has not so far received the attention it deserves.

The basic approach is to divide unemployment into three types. The first is "frictional unemployment." This arises from familiar causes such as time spent between jobs and the mismatch between the skills required and those on offer at going wage levels. The OECD definition of frictional unemployment is fairly broad and includes for instance regional imbalances elsewhere described as structural.

Secondly, there is "capital shortage" unemployment due to there not being enough capital to employ the available labour force. The capacity may be of the wrong kind in relation to the current pattern of demand, or it may be too capital intensive to employ the existing

labour stock. Capital shortage unemployment was previously regarded as rare in modern industrial countries, and was mainly associated with developing countries. But it has re-emerged in Europe in recent years either because of inefficient investment or a level of real wages and other labour costs which has given new investment an excessively labour-saving bias.

The third component is "cyclical unemployment," due to slumps and recessions and which is supposed to be curable by a boost to total demand. This is not a category about which I am entirely happy, but the main contribution of the OECD is in trying to estimate the importance of the other two categories, frictional and capital shortage unemployment. The sum of these is labelled, rather clumsily, "unemployment at full capacity" or "the full employment rate of unemployment." The stark conclusion is reached that this full capacity rate of unemployment has been rising substantially, especially in European countries.

The following breakdown of the UK figures will help to make the discussion more concrete:

## UK UNEMPLOYMENT

Government figures, July 1978	5.7
Government figures, 1976	5.3
Conversion to OECD definition, 1976	5.0
Of which:	
Frictional	2.4
Capital shortage	0.9
Full capacity unemployment rate	3.3
Cyclical residual	1.7

As the large table shows, similar tendencies have been at work in most other countries. The reasons given by the OECD for the increase in frictional unemployment are mostly demographic and occupational. The increased share of women and teenagers in the total labour market and the lower job attachment of these groups makes for higher labour turnover.

The OECD treats warily on the vexed question of the effect of higher social security payments on time spent out of work, simply citing various studies giving a range of 0.2 to 1.2 per cent for the additional unemployment thereby generated. The effects of lower tax starting points, interacting with social security payments, in reducing the net gain from taking employment, are not discussed. So the figures for frictional unemployment may be regarded as minimal.

The estimate of capital shortage unemployment may be in one sense also too low. For the OECD analysis showed that as a result of government and union pressures to retain workers, there has been abnormal labour hoarding. In most

countries, however, estimated steady lowering of budget deficits and of monetary targets to squeeze inflation out of the main industrial economies. My own suspicion is that neither of these opposite courses—or the middle one actually adopted at the summit—will be very successful in eliminating the so-called cyclical element in unemployment.

The OECD report has some fascinating insights into the causes of recent unemployment levels, irrespective of the category into which they are placed. The most striking is that, except for 1975, employment as well as unemployment has been growing quite rapidly. This is because the increase in jobs has been concentrated in the service sector (so-called "de-industrialisation" which is not just a British phenomenon). But the service sector recruits many workers from "peripheral" groups (such as wives, students, or the retired) who had previously been outside the labour force altogether rather than from those who have lost their jobs in industry.

## Judgment

There are obviously large elements of judgment and guesswork in these OECD estimates and the boundary between categories is hardly clearcut. Nevertheless they do seem to point in the right direction. If large-scale econometric models have any future at all, it is surely in this type of structural analysis rather than in the conventional national income forecasting.

My main worry is about the category of cyclical unemployment. It cannot mean literally the unemployment that emerges in a cyclical downturn. For quite clearly this unemployment is not going to be eliminated in the present recovery phase.

OECD Governments have hesitated to increase demand (i.e., to increase budget deficits and raise the money supply) to the extent indicated, because they fear that the net result will be accelerating inflation with no lasting gain to employment.

There is in fact another school of economists (in a section of the now very fragmented monetarist camp) who urge

precisely opposite policies—a steady lowering of budget deficits and of monetary targets to squeeze inflation out of the main industrial economies. My own suspicion is that neither of these opposite courses—or the middle one actually adopted at the summit—will be very successful in eliminating the so-called cyclical element in unemployment.

Another tendency has been for labour to become "a quasi-fixed factor"—or in plain English more difficult to dismiss. This increases job security for existing workers, but because of its effects on real labour costs, it has discouraged employers from taking on new workers or from investing in new capacity. Some employers try to get around the rigidity of labour costs by hiring "fixed term labour"—in British terminology, contract workers.

Unfortunately young entrants to the labour forces are in practice the greatest victims of this flexibility of labour costs. One U.S. calculation suggests that if the

unemployment rate among "prime age white males" were to fall to 1.5 per cent—the lowest it has ever been in peacetime—the jobless rate among youths and women would still be 7.5 per cent.

A lot of the mystery would have been removed if the OECD Report had been more forthright on the influence of the price of labour—that is the real wage level—on the supply and demand for workers. (This emerges clearly in the footnotes and appendices but is obscured in the main report.) Job security is as reasonable a claim for industrial workers as it is for civil servants. (I have put forward a proposal for providing it in *The Economic Consequences of Democracy*). But such security reduces flexibility, and thus raises costs under any economic system, not just capitalism alone, and it must be paid for either in lower take-home pay or lower employment.

Then again youth unemployment is partly a matter of wages. If employers are forced to pay everyone the standard wage, or something near it, and provide the full paraphernalia of job security, they will obviously favour the trained and the mature. Minimum wages in the U.S. and union wage structures in the UK are the direct cause of much of the joblessness among young people, blacks, the unskilled, and the disadvantaged. These include the long-term unemployed who as the report stresses become "virtually ineligible for future job vacancies" because of demoralisation and deterioration of skills. But if they could be employed at a wage corresponding to their present low productivity, with possible increases later, the whole picture might change.

## COMPONENTS OF UNEMPLOYMENT

	unemploy. rate	Cyclical unemployment	Unemploy at full capacity of existing capital stock	Frictional unemployment	Capital shortage unemployment
UNITED STATES					
1974	5.5	0.6	4.9	4.9	0.0
1975	8.4	3.3	5.1	4.9	0.2
1976	7.6	2.1	5.5	4.9	0.6
FRANCE					
1974	2.8	0.3	2.5	2.4	0.1
1975	4.1	1.3	2.8	2.4	0.4
1976	4.5	1.1	3.4	2.5	0.9
UNITED KINGDOM					
1974	2.2	0.1	2.1	2.0	0.1
1975	3.4	0.7	2.7	2.2	0.5
1976	5.0	1.7	3.3	2.4	0.9
SWEDEN					
1974	2.0	0.3	—	1.6	0.1
1975	1.6	0.0	—	1.6	0.0
1976	1.6	0.0	—	1.6	0.0
GERMANY					
1974	2.2	0.4	1.8	1.5	0.3
1975	4.2	1.2	3.0	2.2	0.8
1976	4.1	0.6	3.5	2.5	1.0
ITALY					
1974	5.9	0.1	5.8	5.0	0.8
1975	6.7	0.3	6.4	5.0	1.4
1976	7.2	0.4	6.8	5.0	1.8
NETHERLANDS					
1974	3.0	0.5	2.5	1.6	0.9
1975	4.3	1.4	2.9	1.8	1.1
1976	4.7	1.2	3.5	2.0	1.5

Source: OECD

My own complaint about elementary price mechanism economics was that it was obvious and boring. But it seems to take a Herculean political battle to get the obvious accepted.

By contrast with the analysis, the policy conclusions of the report are familiar and conventional. It urges selective job creation in the weaker countries, demand expansion in the stronger ones, and it indulges in a rather dangerous flirtation with job rationing and deliberate productivity reduction.

One of the less unreasonable palliatives mentioned in the private industrial sector as a means of "reflation" instead of general budgetary stimuli. What we have had in the UK instead has been an excessive budget stimulus, brought about by the combined efforts of the three political parties, and then an attempt to undo this by means of a higher National Insurance payroll tax. Those whom the gods wish to destroy they first make mad.

Samuel Brittan

\*Temple Smith 1977.

## Microelectronic chip engineering

From Mr. R. Toeman

Sir—In a letter of July 27 I defined successful integrated circuit companies operating in this country: worldwide marketing capability seems to me the prior requirement. Dr. Mackintosh writes about advanced design, production skills, etc. (August 3), which is hoped will be available from Immos, market penetration should "take some time to achieve." This is a diametrically opposed view which is surely the Achilles heel of the Department of Industry scheme.

There are other aspects of the Immos enterprise. If the work were performed in this country, by a multinational IC company, all kinds of spin off would occur which benefit general engineering. The growth of the semiconductor industry in Britain has made new demands on precision engineering even in old established industries, such as press tool manufacture, mould making, etc. A company contracting for clean air tunnels now exports these after having learnt to make them to the tough specifications of the electronics industry. There are smaller numbers of successful smaller enterprises in the field now.

As for spreading £120m among U.S. and British companies and UK multinationals, who has ever made money by backing all possible runners in a race?

The picture painted by your correspondent of Britain as "Silicon Island" is unrealistic. At present the superior process capability of California's "Silicon Valley" may be seen at work in every semiconductor plant in the world. The major challenge is from Japan. One notes the co-operation over more than two decades of the Matsushita Corporation with a multinational company, Philips, to their mutual benefit.

None that I see with IC interests in multinational industry within their constituency will raise these questions with the DoI. I am pleading for taxpayers' cash being spent at home, with the few multinational companies who are in the running because they are in the world market and it is this which will create employment and technology in Britain. Further, the presence of first class U.S. Immos technologists here in Britain will create work for professionals who might otherwise emigrate, as has begun to happen recently with professional aircraft design staff. This country cannot afford the drain of experts from science-based industries.

R. Toeman, 21, Arundale Avenue, Hazel Grove, Stockport.

## Back the stayers

From Mr. C. Mackintosh

Sir—On the subject of the new "British initiative in microelectronics," I have read with interest Dr. Mackintosh's reply (August 3) to Mr. Toeman's letter of July 27.

The history of the semiconductor industry from the invention of the junction transistor, barely more than 25 years ago, is littered with the names of enterprises no longer in existence. Many even reached briefly to meteoric fame and \$100m-plus sale per annum, only to die in oblivion. Even more departed with barely a mention whether located in Silicon Valley, California, Route 125, Boston, Glenrothes, Germany or France.

I would echo Mr. Toeman and ask, in success in this field not more likely to come from the

UK operations of such companies as Mullard (Philips) and Texas Instruments? They have stayed the course from the beginning, having successfully ridden at least four technological rapids and, a quarter of a century later, still employ thousands here in the UK.

It has always puzzled me why Whitehall seems to have a blind spot with regard to these companies' British achievements, when their records are otherwise not least that of Philips during World War II. Yet apparently the National Enterprise Board prefers another importation from the U.S. where both Philips and Texas Instruments already have strong technological links.

If ever there has been a business which has sorted out the men from the boys it has been the semiconductor industry. We must certainly have a viable microelectronic manufacturing and development capability in this country, but I would rather see taxpayers' money put where there is proven record of staying the course and with people who know clearly what it takes.

C. F. Machin, Marlin Associates, Cadogan House, Sea Lane, Rustington, Sussex.

## Leased assets

From Mr. M. Barrett

Sir—Your correspondent's comparison (August 5) between rented factories and leased assets overlooks some fundamental differences between the type of asset and therefore the type of contract.

Farms are rented out because the owner wishes to leave the right to re-lease possession to some future date. Throughout the term of the tenancy the owner will continue to be interested in the well-being of his asset and in these circumstances it would clearly be wrong for the user of the farm to bring it into his balance-sheet. Except in the case of default the lessor will never wish to re-lease possession of the tractor which in theory he owns.

Farm tenancies are long term and rents tend to increase over the years whereas a tractor is effectively leased for five years with a peppercorn rent for a further period which the lessor often does not trouble to collect. Certainly financial statements should always aim for consistency, but only for assets possessing similar fundamental characteristics.

However a tractor lease is worded it is de facto another method of finance and in the past has been widely marketed as "off-balance-sheet" finance, this being an implied advantage compared with hire purchase.

Under the present situation it is quite possible for a business to employ substantial assets without its accounts giving any indication of this investment and users of accounts are entitled to have this asset/liability position quantified in the balance-sheet. Only then can they form a true and fair view of the return on capital employed.

Clearly this will not please the leasing lobby, but they do not help their case by oversimplified comparisons.

M. Barrett, Cramlin Drive, Greenacres, Wetherall, Cumbria.

## Political donations

From the Chairman, Cramlin Drive

Sir—Mr. Douglas Hoyle is proposing legislation which would force public companies to seek the consent of their shareholders before making any political donations. This may well be all

very well, but if it does become law then it should also be made illegal for employers to deduct political levies from their employees' without the latter's written consent.

At the moment it is normal practice in most public companies for union dues (including the political levy to the Labour Party) to be deducted from wages unless the employee makes a written request to opt out of the levy, and for obvious reasons there are many who do not wish to disclose their political affiliations in this manner, with the result that many Conservative trades unionists unwittingly support the Labour Party.

If both these proposals were introduced then I think that the Labour Party would probably be the loser.

W. S. Roe, Weymouth Road, Eccles, Lancs.

## Driving speeds

From Mr. E. Gratton

Sir—May I refer to Mr. White's letter (August 2) suggesting that the 70 mph limit should be raised to 85 mph. More than a third of the motorway drivers exceed the 70 mph limit, so there are good grounds for

believing that the present limit is too low.

It would however be much better to raise the limit to, say, 85 mph and to make it advisory, as is the case in Germany. In the event of an accident the onus of proof is on the driver(s) involved to show that the limit was not being exceeded.

It is concluded that the use of an advisory limit is that it allows a reasonable degree of latitude to the more competent drivers, who are capable of driving at greater speeds than the limit prescribes. Eighty-five miles an hour is a very sedate speed for cars designed to be driven at well over 100 mph.

It is difficult to escape the conclusion that rigid speed restrictions, particularly on motorways, have been allowed to act as a weapon to encourage the incompetent at the expense of the competent, and that this negative attitude is but one symbol of the general decline of British purpose in recent years.

If we want to bring about higher standards of driving on motorways it is time, in Churchill's words, to set the people free—so that they may once more be permitted to think for themselves and to develop self-discipline rather than being condemned, like school children,

to a stultifying and, in the case of long journeys, soporific norm.

E. Gratton, Rooks Orchard, Little Wittenham, Abingdon, Oxon.

## A wealth tax

From Mr. H. Leggett

Sir—May I express surprise that so little attention has been paid in your columns to one of the key points in the latest version of the pact between the Trade Unions and the Government, which is the introduction of an annual wealth tax for people whose real net wealth exceeds £150,000?

Such a further fiscal imposition will effectively ensure that the great majority of private owners of important works of art (whether on public exhibition or not) will be obliged to sell them—inevitably overseas.

In these circumstances the lip service which has constantly been paid by the Labour Party to the necessity to preserve our cultural heritage seems set to be mere bluff when political horse trading is at stake. It would be interesting to know what the Conservative Party has to say about this.

Hugh Leggett, 30, St. James's Street, SW1.

wide range of future possibilities. Higher petrol prices would encourage the technological changes best.

The figures resulting from the project suggest that 100 per cent real increase in petrol prices would result in an increase in rail and bus traffic of only 30 per cent. The project also suggests that if people will not be bullied into leaving their car, then the cars which they use must be improved, and a very significant "break-through" is required in internal combustion engine technology, which inevitably will mean a return to first principles.

Can we expect such a return by the existing automotive industry? It is most unlikely. The motor car engine of today is, so simply on the wrong track. Improvements have originated in the fields of fuel, metallurgical and lubrication technologies rather than the actual engine designs. Exhaust gas pollution and poisonous exhaust emissions are parameters of good design which have been ignored, hence the critical situation that exists today. Most major innovations and new conceptions in basic technology have originated from outside the industry.

The jet engine of Frank Whittle and the rotary engine of Felix Wankel are typical examples. The industry obstinately refused to see any virtues in these revolutionary ideas.

The pressure of events of the past few years has now forced the automotive industry, at last, to face reality and they are now endeavouring at this late stage to produce engines less voracious in their use of fuel and which emit less obnoxious fumes. However, in most cases, they have come to realise that a concept of internal combustion of infinitely greater efficiency and of considerable significance to the two problems of "now" is worthy of some concentrated attention.

This concept of combustion, however, was first postulated more than 50 years ago by Sir Harry Ricardo and ignored except by a few academics. A situation not exactly praiseworthy.

Ricardo's concept is today usually referred to as "stratified charge," a basically simple theory of combustion which the automotive industry has nevertheless

failed to achieve in practice, although partial success has been achieved, for instance by Honda of Japan and Ford of America, but only in the area of emission reductions. From the standpoint of fuel economy, both engines are less efficient. Other companies are involved, including Leyland and the Government, on the subject—held in London by the Institute of Mechanical Engineers and attended by delegates from all over the world—it appears that success is still far away. It is known that Ford has been intensively researching the concept for over ten years, without being near to marketing an engine. One may reasonably ask: for how much longer? Or is it simply on the wrong track?

In view of the vast resources of Ford, General Motors, etc., and the many years of research involved, is it not reasonable to assume that perhaps the orientation of the components and principles of the reciprocating engine is such as to make, within these known parameters, the proposition of "stratified charge" impossible, and therefore, that if a significant "break-through" in engine combustion technology is to be achieved, a radical revision needs to be made to first principles, and a new and profound re-examination of a machine that has been with us for well over a century?

If there is any degree of logic in the foregoing, then surely any new conceptual ventures in the automotive industry should be directed towards development of a new power unit—less voracious and with really clean emissions. In fact, it is vitally necessary that finance, labour and ingenuity should be mobilised for this purpose.

Can any far-sighted person really believe that Britain will have a significant motor industry in, say, ten years' time? The trend surely is identical to that experienced before the war by the Lancashire cotton mills. We could, however, supply the whole world with power units, however, the will needs to be there; we already have the brains, even though the latter are not in the right places.

Leonard Sharples, 3, Goring Park Avenue, Osselt, West Yorks.

## Today's Events

Birmingham, 12. Associated Newspapers, Waldorf Hotel, W.C. 10.30. Baker Perkins, Connaught Rooms, W.C. 11.45. Bambergs, 100, Old Broad Street, E.C. 12.15. Braby Leslie, Abercorn Rooms, E.C. 12. Castings, Barons Court Hotel, Walsall. 2. Cattle Holdings, Royal Station Hotel, Hull. 3. Cullen's Stores, Burford Bridge Hotel, near Dorking. 3. Daily Mail and General Trust, Carmelite House, E.C. 12. Duncan (Walter) and Goodrich, 100, Old Broad Street, E.C. 11. Standard and Chartered Bank, Connaught Rooms, W.C. 12.

COMPANY RESULTS

Final dividends: AGB Research; W. G. Allen and Sons (Tipton); British Benzol Carbonising; David Dixon and Sons Holdings; Goldfields Property; Heron Motor Group; Midland Educational; New Watersand Gold Exploration; Interim dividends: Arsonson Bros.; Automated Security (Holdings); T. Clarke; Dickie Heel; Securicor Group; Security Services.

OFFICIAL STATISTICS

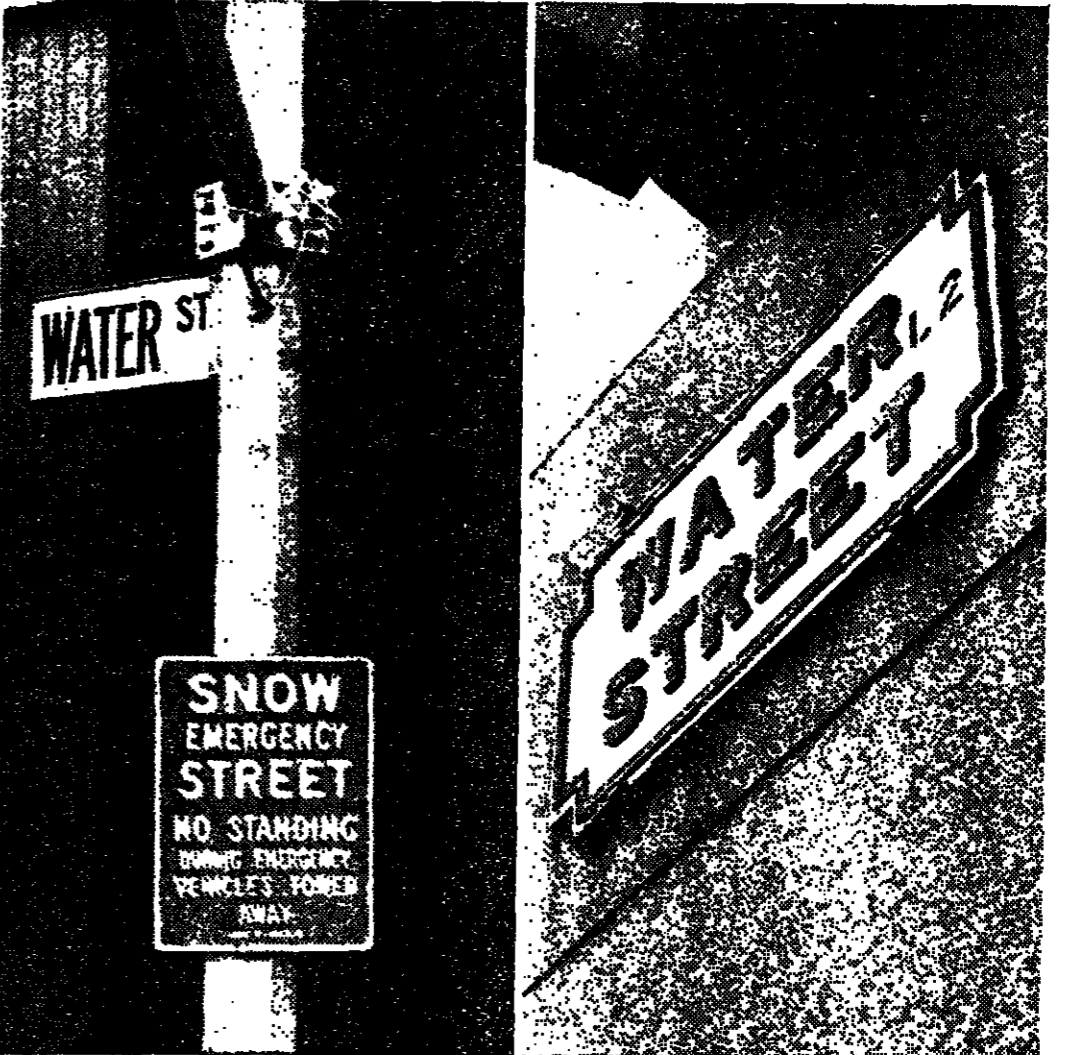
Vehicle production (July, provisional). Finished steel consumption and stock changes (2nd quarter, provisional).

COMPANY MEETINGS

Allen (Edgar) Balfour, 100, Old Broad Street, E.C. 12. Armitage Shanks, 75, Harborne Road, Fulford.

SPORT

Cricket: Second Test, England v. New Zealand, Trent Bridge, G. Benson and Hedges tournament, Fulford.



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# COMPANY NEWS+COMMENT

## Better trend for Glynwed—sees £4m rise

AN ADVANCE from £13m to around £17m in group pre-tax profit is forecast by Glynwed for 1978.

Principally reflecting the elimination of all significant losses in UK activities, the first 28 weeks ended July 1 has produced an increase from £8.12m to £8.48m in the pre-tax figure.

The directors point out that in particular the sector covering bathroom and kitchen products and foundries improved its performance during the first few months of the year.

At the same time steel stockholding, which lost over £1m in 1977, produced a modest profit. As already announced, the proposed sale of this division did not take place, as the buyer, Finsider International (part of IRI the Italian state holding company) withdrew at the last minute.

The South African subsidiary, of which the group now owns only 65.3 per cent, suffered difficult trading conditions which coincided with the acquisition with effect from April 1, 1978, of the domestic appliance business of South African General Electric (Pty).

The rationalisation of distribution networks together with other benefits will take some time to materialise and a loss has therefore been sustained in the first six months of the year, the directors report.

They say that the outlook for the second half depends on maintenance of the present level of economic activity and on some recovery in South Africa. Given these circumstances, the group's second half should at least equal those of the first six months. This would take the year's result well past the previous record of £15.7m achieved in 1974.

First half turnover showed an increase from £138.35m to £165.25m. After tax the net profit comes through at £4.02m against £3m.

The interim dividend is 2.45p (same) — the total for 1977 was 5.2p.

● **comment**  
Loss elimination on Vogue bathrooms and steel stockholding, and a recovery in domestic appliances and foundries are the main factors behind Glynwed's 38 per cent increase in pre-tax profits. Overall, it amounts to good news from the UK businesses. But Delft Industries of South Africa (with its recently acquired domestic appliance business of South African General Electric) has been going through a rough patch, turning in a loss for the first six months. However, here Glynwed is hoping for at least a break-even result for the full year.

Glynwed's forecast that present trends could produce equivalent pre-tax profits in the second half suggests a figure for the year of at least £17m. With the shares at 124p, this would give a fully taxed p/e of about 91 which is well supported by the 11 per cent prospective yield.

### HIGHLIGHTS

After being hit by bad weather in the first three months General Accident has come back with an underwriting profit in the second quarter and the overall profits figure is some £9m higher. Despite a 36 per cent fall in first-half profits Carrington Viyella could well turn in unchanged profits for the full year now that it is experiencing the effects of the boom in consumer spending. Lex also takes a look at Smith Brothers, which has produced satisfactory profits largely due to the strength of the international share dealing. Elsewhere, Letraset, as forecast, has turned in profits in excess of £7m, while a combination of loss elimination and recovery has left profits at Glynwed nearly 40 per cent higher. The expected shortfall in Bibby's seed and feed activities has been more than offset by the paper and converted products division.

## Ault & Wiborg up at midway

FROM TURNOVER of £19.6m compared with £16.87m previously, pre-tax profits of Ault & Wiborg Group advanced from £1.0m to £1.31m in the June 30, 1978 half year. The result is after interest charges of £121,000 against £115,000 last time.

The interim dividend is lifted from 0.65p to 0.72p net per 25p share. Last year, on record profits of some £2m, a 1.3p final was paid.

● **comment**  
Following last year's £1.4m capital spending and earlier rationalisation, Ault & Wiborg's pre-tax profits are 24 per cent up at the half stage. Sales have increased by 16 per cent (including some volume growth) while gross margins have improved about half a point. All divisions have chipped in this time though inks (about 30 per cent of sales) has contributed most of the increase. Ault's fortunes here largely rest on the newspaper industry and while Fleet Street has not been a good market, the group's higher quality inks have sold well outside London. Paints account for 25 per cent of sales and here it is mainly the more important "refinishing" products (sold to garages) which have set the pace. The company has suffered from the troubles at Leyland, its main motor manufacturing customer. Meanwhile chemicals capacity has increased, though the polyester market has been weak. Further capital spending is planned—to meet demand from cash flow and short-term borrowings—though working capital is another £1m higher. Profits at least the same again are possible in the second half which puts the shares at 42p on a prospective p/e of 7.7 and a yield of 7.8 per cent.

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machinery at the manufacturing companies. Two major items were £110,000 on a computer at Hall and Hall and £107,000 for equipping the new subsidiary, Hallite Engineering.

A high proportion of group net profits has been and will continue to be reinvested in the business in order to finance its growth and expansion, the chairman explains. Meeting, Sunbury-on-Thames, September 22, noon.

## Syltore spending plans

After spending \$800,000 on capital projects in 1977-78, the budget for the current year at Syltore has been increased to \$750,000, Mr. John Clegg, the chairman, says in his annual statement.

Of last year's figure—which was \$90,000 above the original budget—\$397,000 related to permanent buildings, while \$100,000 of the current year's spending will be on permanent buildings.

In the year the engineering, pipe systems and electrical distribution group opened branches in Dallas, Texas and Lyon, France to sell, stock, service and repair its equipment, while two branches were opened in the UK.

Mr. Clegg says that although it is too early to attempt any meaningful predictions for the current year, he adds that the group is on target for its set objectives for expansion.

As previously reported, pre-tax profit of the group climbed from £6.65m to £10.4m in the March 31 year. During the year fixed assets increased from £9.8m to £13.7m, and net current assets from £1.8m to £2.24m. The group's bank overdraft rose from £0.25m to £0.44m.

A current cost statement shows the profit reduced to £0.77m by additional depreciation of £0.13m and a cost of sales adjustment of £0.22m, offset by a £75,000 gearing adjustment.

Meeting, Bramhope, near Leeds, August 31 at 2.30 pm.

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Mr. Leonard Regan, chairman of Carrington Viyella.

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. of payment	Total for year	Total last year
Ault & Wiborg	0.72	Oct 13	0.65	1.37	1.37
J. Bibby and Sons	0.30	Oct 6	0.5	0.8	0.8
Carrington Viyella	0.67	Nov 10	0.5	1.17	1.17
Martin Ford	1.1	Oct 12	0.95*	2.05*	2.05*
General Accident	4.19†	Jan. 1	3.75	7.94	7.94
Glynwed	2.45	Dec 30	2.45	4.9	4.9
Hallite Holdings	4.37	Oct 2	3.91	8.28	8.28
Hume	3.08	Oct 27	2.75	5.83	5.83
Burns	1.28	Nov 1	1.49	2.77	2.77
Smith Bros.	3.47	Nov. 4	2.94	6.41	6.41
B. Wardle	0.55	Oct 13	0.5	1.05	1.05

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Includes additional 0.066p in respect of tax cut.

## Reduced interest helps Bibby in first half

FOR THE half-year ended July 1, 1978, profits of J. Bibby and Sons have shown a £229,000 advance to £3.72m.

In the current six-months some slowdown is expected, and a profit of the order of £7.5m should be achieved for the year, an increase of £1.35m over 1977.

When last reporting in May, the directors expressed their confidence of profit growth, but not at the rate achieved in the previous years. For 1975 profits below that of 1974 they came to £4.5m.

The first half profit was boosted by a £303,000 reduction in interest charges, and a £160,000 lift in the share from associates.

The chairman, Mr. J. Bibby, reports a substantial increase in trading surplus by the paper and converted products division, while edible oils made a good improvement. The feeds and seeds side encountered more difficult conditions which affected sales volumes and did well to achieve a trading surplus only slightly below that of last year. The farm products division also showed a reduction in trading surplus, due in part to the fact that the comparable period of 1977 included a contribution from Norfolk Newlay Egg Company, which has since been sold.

The reduced interest charge reflects the very favourable cash referred in the annual review.

The associated company, Sterlin, has again produced commendable results, while Egan and Farm Feed Holdings have shown a recovery following the setbacks encountered last year.

In the second six months of this year, feeds and seeds will continue to operate in an uncertain trading environment. Farm products should show some improvement on the first half year's performance due partly to seasonal

factors and the remaining division should maintain the progress achieved in the first six months.

The directors believe that the amendment to the statutory restraints on dividends will permit a higher overall distribution to shareholders in 1978 than would have been the case under the former regulations, and intend to seek the required Treasury consent when the results for the full year are known. Accordingly, they have decided to increase the interim from 2.5p to 3p per share; in addition, as a result of the retrospective reduction in ACT, the company is permitted to pay a special interim of 0.0612p per share in respect of 1977.

● **comment**  
A combination of a better than expected performance from Bibby plus the hint of higher dividends pushed its share price 12p higher to 284p yesterday



## NatWest Registrars Department

National Westminster Bank Limited has been appointed Registrar of

### CHRISTIE-TYLER LIMITED

All documents for registration and correspondence should in future be sent to:

National Westminster Bank Limited  
Registrar's Department  
PO Box No 82  
National Westminster Court  
37 Broad Street  
Bristol BS99 7NH.

Telephone Bristol (STD Code 0272)  
Register enquiries 290711  
Other matters 297144

## Progress by Mount Charlotte

FROM TURNOVER of £4.53m against £3.80m, profits before tax of £1.2m, Mount Charlotte Investments, the hotel and catering group, expanded from £75,000 to £320,000 for the 25 weeks to July 15, 1978. The directors state that on the basis of present figures, it would appear that their expectancy of record profits for the current year will be fulfilled.

For all 1977, a peak taxable profit of £229,000 was achieved and a single 0.494p net dividend paid.

There is no tax charge for the half year and after minorities and extraordinary debits attributable profit is up from £87,000 to £213,000.

The sales include Hume's shareholding in the associate company, Scottish Life Home Properties, to The Scottish Life Assurance Company. Additionally, the Australian subsidiary, Westlyn Investments, has disposed of its assets comprising two investment properties in Perth and its small share portfolio.

The total proceeds from these disposals, including the repayment of inter-company loans, amounts to £5.2m after provision for capital gains tax at current rates and the surplus over cost amounts to £3.2m after tax and provision for capital gains tax.

It is intended to invest the net proceeds arising from the Westlyn liquidation in the US equity market.

As a result of these disposals the value of the group's interest in direct property investment has been reduced to some £1.34m.

The directors estimate that the gross income arising from such investments, assuming current yields, should result in an increase in gross revenue of about £80,000 in the year ending June 30, 1979 over the income that would have arisen from the retention of the investments.

In March this year, Hume completed the sale of other UK properties. The net proceeds after allowing for capital gains tax and repayment of fixed interest borrowing amounted to £1.9m. Most of this was re-invested in UK equities.

Meanwhile, the group has announced its figures for the year to June 30, 1978. Revenue before tax increased from £2.05m to £2.2m, and after minorities, attributable revenue was up £327,000 to £1.5m, a rise of 34.7 per cent.

In their interim report, the directors were confident that revenue for the year would confirm the chairman's AGM forecast of an increase over the previous year.

Earnings per A and B share are shown at 7.48p against 6.015p and the estimated net asset value, fully diluted, at June 30 was 98.3p compared with 88p. As at August 7, it has risen to 104.6p.

The directors are recommending a final dividend of 3.09875p making a total of 4.58875p against 3.6975p. An interim dividend of 1.675p is also declared for the current year.

The capital dividend on the B shares has not been finalised but is estimated at about 7.4 shares per 100.

At August 8, Rothchild Investment Trust held 27.92 per cent of Hume's shares and London and Manchester Assurance Company, 6.97 per cent.

With turnover up from £399,77m to £425,65m, taxable income of Capitol Industries-EMI Inc. declined from \$17.51m to \$15.17m in the June 30, 1978 year.

After tax of \$5.16m compared with \$1.33m—adjusted for a \$5.5m of over-provision in previous years—net income was \$10m against \$18.15m. Earnings per share are shown at \$3.30 against \$4.89m last time. An 8 cent final quarterly dividend is to be paid.

Mr. Blanche Menor, the president and chief executive, says the major disappointment of the year was its inability to fully match target profits in the face of increasing costs. Following a strong fourth quarter, the company is devoting special efforts to improving profitability during the current fiscal year. Directors are confident for the future.

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## Hume sells off more property investments

A FURTHER reduction in property interests is announced by Hume Holdings, with a number of major disposals in Australia and the UK. The proceeds from the UK disposal, amounting to £1.32m, are being reinvested in UK equities.

The sales include Hume's shareholding in the associate company, Scottish Life Home Properties, to The Scottish Life Assurance Company. Additionally, the Australian subsidiary, Westlyn Investments, has disposed of its assets comprising two investment properties in Perth and its small share portfolio.

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## Western Board waits for upturn

Although the first three months of the current year at Western Board Mills compare very favourably with the corresponding period last year, Mr. H. E. Vogel, the chairman, feels it is too early to make a forecast for the year, while the general level of activity among customers remains somewhat depressed.

As reported on July 19 taxable earnings for the year to March 31, 1978, rose from £881,194 to a peak of £1,135,356 on turnover of £3,02m against £2,23m.

Mr. Vogel says that results were achieved in spite of a generally depressed level of activity in the industries which are the company's major customers. "We achieved these results to some extent by doubling our export sales," the chairman adds: exports from the UK amounted to £454,514 (1977) and £454,514 (1978).

The MLI at Cam worked to capacity throughout the year, but the company's two board production lines in Treforest could not be fully utilised as the potential output was unable to be sold. Mr. Vogel states that the continuing problems in the motor industry, with the resultant drop in car production, has been a major factor in making forward planning very difficult.

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## Capitol-EMI down to \$15.2m

With turnover up from \$399.77m to \$425.65m, taxable income of Capitol Industries-EMI Inc. declined from \$17.51m to \$15.17m in the June 30, 1978 year.

After tax of \$5.16m compared with \$1.33m—adjusted for a \$5.5m of over-provision in previous years—net income was \$10m against \$18.15m. Earnings per share are shown at \$3.30 against \$4.89m last time. An 8 cent final quarterly dividend is to be paid.

Mr. Blanche Menor, the president and chief executive, says the major disappointment of the year was its inability to fully match target profits in the face of increasing costs. Following a strong fourth quarter, the company is devoting special efforts to improving profitability during the current fiscal year. Directors are confident for the future.

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## MINING NEWS

## Seltrust's new diamond deal

BY KENNETH MARSTON, MINING EDITOR

LONDON'S Selection Trust has entered into another diamond prospecting venture in Western Australia via its wholly-owned subsidiary, AS Mining Ventures. The latter has signed a letter of intent with Australia's Carr Boyd Minerals whereby AS Mining will carry out at its own expense exploration on 98 mineral claims in the Kimberley district.

The present partners in the venture are: Carr Boyd 40 per cent, AS Mining 30 per cent, Hill Minerals 12 per cent, Crusader Oil 10 per cent and private investment interests 18 per cent.

AS Mining has reimbursed Carr Boyd (\$A104,576) for acquisition costs of the claims and can acquire a 40 per cent stake in the venture if the results of bulk testing from any one locality indicate that a mining feasibility study is warranted.

Carr Boyd and the other partners thus have a free ride until that stage, after which all partners will share further expenditure in proportion to their interests. In addition, AS Mining has an option to acquire an additional 11 per cent stake (making 51 per cent) within the next five years at a cost of \$A11m, a move which would capitalise the venture at \$A100m.

The claims, which are believed to cover 28 diamond prospects, are in the Mt. Perry, Ellendale, Noonkanbah and Fitzroy Crossing districts. They are not far from the areas in which AS Mining is involved in its other diamond prospecting deals with Western Mining and Naama Gold Mines which was reported here last week.

Other groups involved in the diamond prospecting rush include those led by Compore Riofinto of Australia at Ashton; Western Metals with Lennard Oil and Magnet Metals; and the group led

by Other Exploration with Spargo's, Bamboo Creek and Samanth. In addition, the Beers Stockdale Exploration, Broken Hill Proprietary, Amstar and Selection Trust on its own behalf, have ground in the area.

The latest news of interest in the sharemarket yesterday was Carr Boyd rose 4p more to 36p, making a two-day rise of 14p, while gains of around 5p were seen in Otter (45p), Spargo's (42p) and Naama (61p). Selection Trust hardened to 42p.

The offer is two ordinary shares of Mincorp for each Tehidy ordinary—Mincorp closing at 35p last night, each Tehidy is valued at 70p and the capital not already owned by Mincorp at £1.58m. Mincorp currently holds around 23 per cent of Tehidy

## BOOKS

## Adelaide and the Sun King

BY RACHEL BILLINGTON

First Lady of Versailles by Lucy Norton. Hamish Hamilton, £7.95. 402 pages.

"Small details seldom find a place in memoirs; but more than anything else they give the essential flavour of what we seek to find, the true atmosphere of a bygone age." The beginning of *First Lady of Versailles*, Lucy Norton quotes Saint-Simon's memoirs which she herself translated so brilliantly. It gives the clue that this biography of the Princess who should have been Queen of France, and was mother to Louis XV, is as much a portrait of a time and a place, as of a person.

The time is the 16 years in the reign of Louis XIV: 1696 to 1712. The Sun King, although as convinced as ever of his god-like qualities, is now, at 55 years old, settled into a more comfortable, less dazzling, but no less effective, role. The guidance of his unofficial wife, Madame de Maintenon, surrounded by a bevy of children, grandchildren and bastards, he is also obsessed by the need to secure the future royal line of France not only in France, but in as much of Europe as possible.

The place is the court of Versailles, with visits to the neighbouring palaces and occasionally a flash to a battlefield or the courts of Spain or Savoy. Although Versailles is suffering like the whole of France from the effect of too many wars, not enough money, too much death and little cause for the celebrations Louis thought important to the status of a king, it is still a fascinating place. The intrigues between the rival factions whose leaders were quite likely to be father and son, are as vigorous as ever. Etiquette, which Louis made sure ruled court behaviour even in the most tragic or inappropriate circumstances, hovers like a second unforgiving sword above all their actions. Versailles, house and gardens, ante-rooms, bedrooms, reception rooms, is laid out physically before us with every intimate detail. The stage is decorated with the four-poster beds which saw many royal lovers, and so many royal brides to their unknown princely husbands. In the outer rooms stand the stools and chairs which were one of the little serious occupations. Royal

main weapons in the battle of etiquette, and the ubiquitous "chaise-perce", an important feature of court life.

The person is Adelaide, daughter of Victor Amadeus, King of Savoy; Adelaide's history, although perhaps no more extraordinary than that of other royal princesses of the time, seems almost fantastic to a modern reader.

At the age of ten she was taken from her family in Savoy and betrothed to Louis XIV's grandson, the young Duc de Bourgogne. Two years later she was married and by the time she was 14 had already suffered several miscarriages. Meanwhile, the king had become her slave, indeed his delight in her lasted until her death. With the help of lavish quotes from Saint-Simon, Fenelon, Madame and a dozen or so other diarists or letter-writers, Lucy Norton paints a vivid picture of the cheerful young girl's appeal to the gloomy old king and his governess-like wife. With his mistresses a thing of the past, the king desperately needed to love and be loved. When he saw Adelaide playing with his children by Mme de Montespan, he remarked, "She knows the way to love; it would be delightful to be loved by her."

Needless to say, Adelaide's success with Louis did not make her popular with the rest of the court. However there was little that could stir him not only was she the king's darling, but she was also, as future Queen of France, superior to all the other ladies of the court.

This did not mean her life was happy. The guile of court life was counterbalanced by two problems. Firstly, by a physically deformed, religious fanatic for a husband whose deeper qualities she only grew to appreciate late in their marriage. Secondly by her duty to produce the third generation in line for the throne. Her many miscarriages were blamed, sensibly enough, on the rigours of making the king, her husband, and the extraordinary occasion when she secretly underwent an abortion while chatting to the king. He considered this the wittiest joke in the world and it became the



The Duchesse de Bourgogne by Jean-Baptiste Sauterres

princes were taken from their mothers at birth so that they should not become too attached to each other.

Adelaide had no choice but to return to play. In this period when she was in her late teens when she was in her late teens with her husband away at the war, she had two love affairs. Amazingly, neither her husband nor the king came to hear of them and neither lasted long. Soon after, she employed her enemies more productively to defend her husband's reputation against his fellow commander on the battlefield, the Duc de Vendôme.

Using all her influence with the king, she successfully routed this popular military hero so that he was actually banned from attending the court. But such strength of character was not typical. The most memorable descriptions are of the "baby-talk" with which she used to entertain the king, her habit of making playful interruptions during meetings of state and the extraordinary occasion when she secretly underwent an abortion while chatting to the king. He considered this the wittiest joke in the world and it became the

## Great offices in perspective

BY C. P. SNOW

The Lord Chancellor by Nicholas Underhill. Terence Dalton, £6.95. 210 pages.

The Secretary of State by David Kynaston. Terence Dalton, £6.95. 177 pages.

These two books are the first volumes in a series to be called *Great Offices of State*. The series is edited by M. M. Reese, well known for having written one of the most useful non-specialist accounts of the life of Shakespeare. This new series is designed to give studies, succinct but based on the latest scholarly findings, of the origin and development of the major official British jobs. This could have turned out a very dull affair, stuffed with false piety and historical doubt as to much to the general benefit, that hasn't happened. If the succeeding volumes are anything like as good as the first two, the series is going to be a refreshing success.

Both authors got first in History at Oxford, are in their middle twenties, and have not stayed in academic life. If they are a sample of contemporary working at the peak of this century's success, or so it seemed to him and also to others less determined to present a historical character without hindsight, with the intentions, and in the conditions, of his own time.

They are a sign, of course, of

the final dismissal of the Whig virtues which Macaulay couldn't interpret of history. They possess: but the same applies in reverse.

It is likely that Macaulay's command of narrative, as powerful as that of any historian, is not accessible to anyone working in a period of social pessimism. Of the two books, Underhill's is the more immediately attractive. He has had rather the easier job. The Chancellor's function has changed out of recognition since the time of his Saxon predecessors, and has changed more than once. Yet in form at least he has kept a certain identity. You could see him as large as life on the Woolpack a few weeks ago, speaking Welsh, whereas the Secretary of State tout court is a title that sounds strange to British ears, and has become lost through diffusion over many functions and fustianaries.

True in one of the Chancellor's transmutations, he lost his real power as the King's essential Minister, and the power fell into the waiting hands of the King's Secretary. The Secretary was a more fully and dramatically described by Underhill. Wolsey was in a last great Lord Chancellor's supreme power. When Wolsey and More were eliminated,

Thomas Cromwell did not want the Chancellorship, which passed to a nonentity. Cromwell stayed the King's Secretary, had all the real power and was the precursor of William Cecil and Chief Ministers thereafter.

These books are recommended to all those—there seem to be quite a few—who wish to keep in contact with modern historical thinking. It is pleasant to be reminded by Underhill, who writes with considerable wit in the seventeenth century sense, that the Anglo-Saxon administration was far more sophisticated than that of the Norman conquerors. That conquest was a classical example of a higher culture being taken over by a lower. As so often in these cases, the lower culture possessed the more effective military technology.

One additional pleasure from these books. They are admirably produced, and quite cheap by today's standards for illustrated and well printed volumes. The printing has been done in Lavenham, Suffolk, and the publishers, Terence Dalton, are also based there. Lavenham is an attractive small town, but this must be the first time that it has been a home for high-level publishing directed at the national market. This is precisely the kind of devotion which would brighten the whole country outside of London.

## Angry about Africa

BY BRIDGET BLOOM

North of South by Shiva Naipaul. Andre Deutsch, £6.50. 282 pages.

Reading Shiva Naipaul's account of a six months' journey through Kenya, Tanzania and Zambia I was suddenly reminded of a passage from Graham Greene's *Journey Without Maps*. Walking through Sierra Leone and Liberia, over 40 years ago, Greene grew disillusioned with Africa. It seemed, he wrote, "that white and black

"were living here for a short while on the surface of the land, but Africa had the last say, and it said it in the form of rats and ants, of the forest swallowing up the little pools, the Dutch prospectors had

made and abandoned." Naipaul's disillusion comes as he gazes over the green acres of a European tea estate in Kenya:

"Suddenly I realised how fragile it all was... at any moment Africa could close in. The house, the lawn, the monocultural acres of tea—could all be swept away without trace."

I've no idea whether Naipaul read Greene before he set out, but I wish he had found the humility to accept Greene's conclusion. "There is not so much virginity in the world," Greene says in follow-up to his depression. "that one can afford not to love it when one finds it."

Naipaul concludes that Africa is a hopeless continent where only lies flourish... the lies of an aborted European civilisation: the lies of liberation.

Nothing but lies." Greene's ultimate sympathy and understanding is quite lacking in Naipaul's liturgy of bitterness.

It is tempting to be snide, in seeking to ask what has gone wrong for Naipaul, and suggest that he was trying to do in Africa what his brother, V. S. Naipaul has done much better elsewhere: V.S.'s telling, and even cruel, criticisms of India and the Caribbean somehow still produce an overall rounded picture, where people laugh and cry and are human.

Shiva Naipaul's people—and there are a great range in them, from shoeshine boys in Nairobi, to white businessmen in Monrovia or socialist officials in Tanzania—are caricatures, one-dimensional creatures whose stupidity, venality or laziness, may be part but are in no way

all of the picture. Naipaul's book is indeed so bitter as to prompt questions about his own motives in writing it. Did he go to Africa, even if unconsciously, determined to find nothing good there? Or did the treatment he received as an Asian (a term he despises, just as he despises the whites and blacks he meets, perhaps justifiably, for failing to appreciate that the Asians too contributed to African development) over-colour his judgment?

His book is not without its occasional insights: inevitably he hits a target from time to time. There is a lot wrong with Africa, as many Africans admit. But as the liturgy proceeds, one becomes exasperated and then bored by his almost wilful failure to look beyond the surface of the societies he so roundly condemns.

## Blackheath clues

BY DAVID FREUD

The Blackheath Poisonings by Julian Symonds. Collins, £4.25. 266 pages.

Tightrope for Three by Marian Rabson. Collins, £3.95. 181 pages.

The Quiet River by P. M. Hubbard. Macmillan, £3.75. 192 pages.

It might appear somewhat curious to criticise a thriller for a shortcoming shared, among others, by some of Tolstoy's novels. That the same criticism can be applied is indicative of a real difficulty: the problem of introducing a large number of characters in a book.

Much fiction nowadays—too much, perhaps—avoids the problem by focusing the narrative on a few characters. It is a rare author that gives equal weight to 10 or more while retaining the reader's interest.

In the *Blackheath Poisonings*, Mr. Symonds has created a plot with 13 characters of equal importance. He does not quite avoid the inherent "Tolstoyan" difficulty of introduction, and the reader has to do quite a bit of referring back in the early part of the book to refresh his memory as to who is who.

Nevertheless, the people are sharply drawn and before the

book is a bird through the characters and their relationships are firmly fixed.

For the remaining two-thirds the cleverly woven plot coasts faster and faster to its climax in the fully-rounded atmosphere that only a generously-peopled narrative can provide.

Atmosphere is also provided in a second element of the novel. It is a solidly-based period piece set in the London suburb of Blackheath in the Victorian heyday of the 1890s. A middle-class family owning a fairly prosperous toy company live in two architectural oddities of houses on the beach. Three members of the family are poisoned by arsenic.

All the clues are meticulously set out and the story moves at the measured, deliberate pace of the genuine Victorian thriller. Nevertheless the ending caught me completely by surprise.

The ending is never in doubt. In *Tightrope for Three*, an escaped Dartmoor killer hijacks a helicopter to make his getaway to France. Inside are a company director hurrying to tend off his straitened affairs at a Board meeting; his estranged wife with their daughter, who has acute appendicitis; and needs an operation; his mistress and the pilot.

Will the killer, who has a gun,



Julian Symonds

get his way and then murder them all? Or will they kill him instead? No prizes for guessing the answer.

The limitation of the plot aside, the characters—seven of them—never develop past the cardboard stage. They have no background. They enter the book, do what the plot requires, and exit.

On the surface *The Quiet River* is about psychological domination and self-assertion. Again the cast is seven-strong, although it concentrates heavily on one couple who have moved to the country from London. Beyond their new garden flows a large river.

It is in the context of the brooding presence of this river that relationships with two other couples and a singular farmer are formed.

Unfortunately the relationships are barely believable, not least because they seem to form in so abrupt and isolated a way.

Many more characters are needed for a story set in a village. The ending is quite at odds with the rest of the book. It is one thing to allow a river a psychological impact on people who live near it. It is the latter is suitably bit. Actually, the ending is fairly predictable and something of an anticlimax, but readers will enjoy the book for its concision and style.

## Friends and fiddles

BY DIANA RAWSTRON

The Hidden Economy: The context and control of borderline crime by Stuart Henry. Martin Robertson and Company, £7.95. 194 pages.

How many people are as honest as a colleague of mine who, on finding the ticket office closed at the underground station and no collector at the end of his journey, sent a cheque for his 15p fare to London Transport? Not many, it would seem. According to reports in the newspaper, everyone is on the "fiddle". "Perks" include taking home company goods, doing jobs "on the side", personal use of the firm's photocopier, telephone and stationery, inflating expense claims, short-changing, false tax declarations and welfare claims and so on.

They have been described as a "hidden economy" operating within the legitimate economy of society. This book is a fascinating discussion of one aspect of the hidden economy, namely "on the side" trading. The author obtained much of the material by taking jobs in areas of employment which afford opportunity for workers to engage in amateur trading.

Most trading networks are limited to family and friends and as the participants are basically honest, they have to satisfy themselves that what they are doing is not wrong. Various excuses are given and the language used to present the goods—"cheap goods" or "re-stock"—is never "stolen" or "re-jected" as never "court". Employees fear bad publicity, action for wrongful dismissal or protest strikes.

The author's solution is a system of community courts under which offenders would be brought before their colleagues. Community rule has been shown to reduce violence in the prison system. One method of community control of pilfering has been operating successfully for several years at a Cadbury Schweppes factory where offenders are dealt with by a tribunal consisting of management and union officials.

This book gives a fascinating insight into the hidden economy and calls for a reconsideration of our hypocrisy about what is a crime. It will be of particular interest to those in the crime control business.

English Cricket by Christopher Brookers. Weidenfeld and Nicolson, £5.50. 210 pages.

The Thoughts of Trueman Now by Fred Trueman, with Eric Morecambe, William Rushton and Fred Rumsey. Macdonald and Jane's, £3.95. 144 pages.

Christopher Brookers's study of the evolution of cricket in England is a thoroughly engrossing, refreshingly lucid account of how it has developed from a rural folk-game to become, in the mid-1970s, almost a highly commercialised sport. He propounds some new theories about the game's development, in some instances taking issue with previously accepted tenets of cricket historians such as H. S. A. Altham.

With a degree in sociology among his qualifications, Mr. Brookers examines closely the class structure of the game. By the mid-17th century it was viewed with suspicion by respectable people. Then wealthy people and gentlemen started to play. Later, in the mid-1700s, royalty, in the person of the Prince of Wales, legitimised it by actually playing in matches. Full-scale professionalisation came with the creation, in 1846, of William Clarke's All-England XI, a wandering team of the top players, which predated Kerry Packer by over a century.

Mr. Packer is inevitably mentioned by Fred Trueman in his semi-serious examination of the whole contemporary cricket world. He says: "If cricket

doesn't pull itself together and shake itself out of the deep Rip Van Winkle sleep that it finds itself in, what Packer is doing is definitely going to take hold. Someone is going to make commercial cricket work."

Trueman's *Thoughts* is a curious but entertaining hedge-podge of serious opinion, pungent observations and hilarious anecdotes which should find a lot of buyers. Comedian Eric Morecambe, President of the Lord's Taverners, contributes some characteristic comments on one-liners ("Spring is here and soon we will be back to the sound of leather hitting Brian Close" between the soul so dead who would not relish such a life?").

I was intensely curious, writes "If I had not taken to journalism, I would have been an editor but has failed to spot some silly mis-spellings (Dennis Lilley indeed!) in the text and index."

Not only the great interested him. There were Indian peasants, Israeli kibbutzniks, nomads, black activists, guerrillas, soldiers... He saw black, brown and yellow mobs all over the world, "but none so frightening as a Southern (U.S.) white mob, many of them college-educated middle class."

Mr. Heren makes some interesting comments about his paper, to which he remains immensely loyal.

For variety and spice of life Pasha, McArthur, is hard to stop writing. But Adenauer, Brandt, Krushchev, some photographs would have helped.

He reported the end of the British Empire.

KEVIN HENRIQUES

Growing up On "The Times" by Louis Heren. Hamish Hamilton, £6.95. 319 pages.

Louis Heren is a lucky man. He made the now-impossible jump from messenger boy on The Times to become that paper's deputy editor. As foreign correspondent he travelled the world on an expense account.

He got to know many of the famous—Gandhi, Nehru, Dayan, Adenauer, Brandt, Krushchev, some photographs would have helped. He reported the end of the British Empire.

For variety and spice of life Pasha, McArthur, is hard to stop writing. But Adenauer, Brandt, Krushchev, some photographs would have helped.

He reported the end of the British Empire.

JOHN DUNSTAN

## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. orders	Retail vol.	Retail value	Unem. %	Vacs.
1977							
1st qtr.	103.2	105.3	109	103.3	216.4	1.330	na
2nd qtr.	101.9	103.0	106	102.5	222.0	1.330	163
3rd qtr.	102.8	103.8	106	104.3	234.2	1.418	151
4th qtr.	102.3	103.3	106	104.4	239.4	1.431	157

	1978	1977	1976	1975	1974	1973	1972	1971	1970
1st qtr.	103.3	104.2	98	106.3	246.0	1.409	188		
Jan.	102.3	102.6	106	104.9	241.0	1.419	189		
Feb.	103.6	104.1	116	106.8	246.5	1.409	187		
March	103.4	104.8	103	107.0	248.8	1.400	196		
April	103.9	106.6	104	106.7	250.3	1.387	204		
May	105.9	104.5		108.4	255.2	1.366	210		
June				108.6	257.1	1.365	217		
July						1.371	211		

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mfg.	Textile mfg.	Hous. starts*
1977							
1st qtr.	115.9	99.4	106.1	100.4	83.9	104.4	19.9
2nd qtr.	113.4	97.5	105.2	98.8	80.5	100.2	25.1
3rd qtr.	115.1	98.0	104.7	99.6	83.3	100.7	25.4
4th qtr.	117.2	97.5	101.9	99.1	74.8	100.0	20.7

	1978	1977	1976	1975	1974	1973	1972	1971	1970
1st qtr.	116.9	99.2	104.9	100.7	76.8	99.7	17.8		
Jan.	116.0	99.0	104.0	100.0	75.0	99.0	17.4		
Feb.	117.0	99.0	106.0	100.0	78.0	100.0	15.3		
March	118.0	100.0	104.0	101.0	78.0	100.0	20.6		
April	119.0	100.0	109.0	102.0	83.0	105.0	25.4		
May	117.0	99.0	106.0	101.0	85.0	99.0	25.1		
June							29.6		

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US\$bn*
1977							
2nd qtr.	118.0	109.8	-794	-365	-745	100.3	14.9
3rd qtr.	124.1	106.4	-4	+357	-602	101.0	13.4
4th qtr.	117.9	102.6	+54	+486	-657	102.4	20.39

	1978	1977	1976	1975	1974	1973	1972	1971	1970
1st qtr.	120.3	114.2	-474	-305	-645	105.1	20.63		
2nd qtr.	122.8	110.2	-136	+224	-424	104.4	15.75		
Feb.	127.4	111.3	+43	+122	-203	104.8	20.7		
March	121.4	116.9	-279	-189	-209	104.8	20.32		
April	126.1	104.3	+188	+308	-151	104.0	17.04		
May	120.1	114.3	-218	-98	-156	105.1	16.66		
June	123.1	112.0	-106	+14	-117	104.1	16.54		
July							16.74		

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (d.m.); building societies' net inflow; E.P. net credit; all seasonally adjusted. Minimum lending rate (end period).

	Bank						
	M1	M3	advances	DCE	BS	HP	MLR
	%	%	%	£m	inflow	lending	%
1977							
2nd qtr.	24.8	14.9	5.5	+769	1.290	1.047	8
3rd qtr.	28.0	10.4	20.3	+365	1.084	1.149	7

th.qtr.	23.2	12.6	8.8	+698	1.565	1.189	7
1978							
st qtr.	24.7	24.0	17.5	+1.818	1.049	1.260	6½
nd qtr.	8.7	15.9	24.8	+2.893	694	1.393	10
ed.	26.8	25.5	17.9	+993	353	418	6½
March	24.7	24.0	17.5	+597	308	413	6½

# INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

### RCA blames price increase on costs

BY OUR OWN CORRESPONDENT NEW YORK, August 9.

RCA CORPORATION has become the first U.S. colour television manufacturer to announce a general price increase in nearly four years.

The move, which will increase factory prices around 1.5 per cent, is a partial reply to critics who have argued that the company ought to be exercising more price leadership. For more than two years RCA has been locked in a battle with the largest U.S. producer, Zenith Radio Corporation, for market dominance, and its price cutting tactics based on lower production costs are generally held to be a depressant on Zenith's profits.

However, RCA's consumer electronics division claimed yesterday that the new prices were necessitated by higher manufacturing costs.

Zenith, however, rejects this analysis and maintains its stand that the real drag on prices is caused by imports, particularly from Japan. It remains to be seen whether Zenith, which still has a slightly higher market share than RCA, will now raise its prices. The company said last year that a price increase would be needed by the autumn and it may wish to delay its own move in pursuit of a competitive advantage over RCA. However, some analysts would expect RCA to shelve its own price increase if Zenith stands pat.

But Zenith may have won a little elbow room by increasing production of its 19-inch colour sets. Last autumn the company became the last U.S. manufacturer to move its assembly activities out of the U.S., and some estimates put the company's savings in labour costs per employee at \$10,000 a year.

Having led the fight for U.S. Government protection against low-price imports, Zenith is challenging assertions that the rise of the yen against the dollar is raising the retail price of Japanese sets. "I must say we have not noticed it," said a Zenith spokesman today. Nevertheless, the volume of colour television imports from Japan is being reduced by an orderly marketing agreement concluded in May last year.

The Commerce Department recently published a survey of the first quarter which revealed a 41 per cent decline in Japanese imports from the third quarter of last year. However, imports from Taiwan, South Korea and Canada have increased. The overall import total had fallen by only 2 per cent.

### LTV earnings soar as steel operations recover

BY JOHN WYLES

NEW YORK, August 9.

A STRONG improvement in the earnings of its steel subsidiary, LTV Corporation, to a net income of \$33.4m or \$2.24 a share in the second quarter.

This was a substantially better performance than this conglomerate achieved in the same period last year, when it turned in net income of only \$1.6m or 7 cents a share on sales of \$1.21bn. Sales in the most recent quarter were \$1.8bn. For the six months, LTV reported net earnings of \$8.4m or 49 cents a share on sales of \$2.57bn, compared with a loss of \$2m on sales of \$2.32bn.

The recovery in LTV's steel operations comes at a time when final preparations are being made for the proposed merger with Lykes Corporation, which was approved by the Justice Department in June. The combination of the two companies' steel interests will create the third or fourth largest steel producer in the U.S.

LTV's steel shipments in the second quarter actually declined from 1.45m tons last year to 1.37m tons. Dollar sales, however, rose from \$610.9m to \$656.3m, and operating income from \$21.4m to \$34.5m. "Improved product mix and higher selling prices were the main factors contributing to the improvement in steel operations during the quarter," said Mr. Paul Thayer, chairman and chief executive, today.

The company's aerospace division also returned an increase in operating income, from \$3.4m to \$12.7m, but meat and food products, which have been swinging between profit and loss for the past 18 months, finished \$2.56m in the red.

Second quarter and first half figures included a special credit of \$6.5m and extraordinary items of close to \$8.1m.

### Record for Norton Simon

NEW YORK, August 9.

NORTON SIMON, renowned for its Max Factor cosmetics, Avis car rental and Canada Dry ginger ale, has returned record fourth quarter and annual results profit margins have been squeezed.

Net earnings for the final period advanced 17.7 per cent, from a corresponding \$27.1m or 57 cents a share diluted to \$31.9m or 63 cents a share, while revenues soared 44.6 per cent, from \$465.2m to \$572.8m.

Full year net earnings rose 13.7 per cent, from \$101.8m or \$1.93 a share to \$115.8m or \$2.25 a share, on sales up by 34 per cent from \$1.81bn to \$2.43bn.

The latest results reflect the acquisition of Avis in July last year and are in line with forecasts made by Mr. David Mahoney, the chairman, last May. Agencies.

### TransCanada Pipelines

TORONTO, August 9.

THE CHAIRMAN of TransCanada Pipelines, Mr. James Kerr, said he was advised that Canadian Pacific, which owns about 13 per cent of the outstanding shares of TransCanada, has been approached by various organisations who might be interested in the acquisition of these shares, reported Reuters.

Mr. Kerr said he has been advised that Canadian Pacific "may be receiving proposals which might lead to the sale of these shares." He gave no further details.

Reuters adds from Calgary: Petro-Canada said it has no plans to acquire control of TransCanada Pipelines. Petro-Canada, the Government-owned oil and natural gas company, is one of several companies rumoured in the past few days to be planning a take-over of Canada's largest pipeline operator.

### BRIEFLY

### J. Ray McDermott fall

NEW YORK, August 9.

Net income of J. Ray McDermott, the offshore oil and gas construction group, for the first quarter ended June 30 fell from \$45.6m to \$32.3m, on sales of \$256.9m to \$229.9m. Fully diluted earnings declined from \$1.41 a share to 72 cents. The results for the latest quarter include Babcock and Wilcox, acquired in March.

For the second quarter, the insurance holding company's Lincoln National Corporation had operating net income of \$38.95m compared with \$39.61m, on revenues ahead from \$490.7m to \$556.2m. Earnings edged up.

### EUROBONDS

### DM issues rise further

BY MARY CAMPBELL

LARGELY under the impact of a strengthening D-Mark, but also because of improved perceptions of the German government's capacity to fund its deficit, and Monday's Tokyo price for the greater liquidity in the German banking system, the German bond prices improved markedly again yesterday.

According to one dealer the German government has succeeded in selling at least DM 1bn worth of Schuldscheine (promissory notes) in the last few days, a proportion of which would have been refinanced by sales of paper by the banks to foreign investors.

Chase Manhattan's recent issue was quoted at around 97 1/8, up from 97 1/8 at the close on Tuesday.

One new issue has been launched via Deutsche Bank, a DM 30m 3 1/2 per cent convertible with a maturity of five years and seven months. It will be convertible with a maturity of five years and seven months. It will be convertible with a maturity of five years and seven months.

### SELECTED EURODOLEAR BOND PRICES

#### MID-DAY INDICATIONS

STRAIGHTS	Mid	Offer	DM BONDS	Mid	Offer
Austria 5 1/2% 1988	97 1/2	98 1/2	Adm Dev. Bank 5 1/2% 1988	92	94
Austria 6 1/2% 1988	98 1/2	99 1/2	Adm Dev. Bank 6 1/2% 1988	92	94
Austria 7 1/2% 1988	99 1/2	100 1/2	Adm Dev. Bank 7 1/2% 1988	92	94
Austria 8 1/2% 1988	100 1/2	101 1/2	Adm Dev. Bank 8 1/2% 1988	92	94
Austria 9 1/2% 1988	101 1/2	102 1/2	Adm Dev. Bank 9 1/2% 1988	92	94
Austria 10 1/2% 1988	102 1/2	103 1/2	Adm Dev. Bank 10 1/2% 1988	92	94
Austria 11 1/2% 1988	103 1/2	104 1/2	Adm Dev. Bank 11 1/2% 1988	92	94
Austria 12 1/2% 1988	104 1/2	105 1/2	Adm Dev. Bank 12 1/2% 1988	92	94
Austria 13 1/2% 1988	105 1/2	106 1/2	Adm Dev. Bank 13 1/2% 1988	92	94
Austria 14 1/2% 1988	106 1/2	107 1/2	Adm Dev. Bank 14 1/2% 1988	92	94
Austria 15 1/2% 1988	107 1/2	108 1/2	Adm Dev. Bank 15 1/2% 1988	92	94
Austria 16 1/2% 1988	108 1/2	109 1/2	Adm Dev. Bank 16 1/2% 1988	92	94
Austria 17 1/2% 1988	109 1/2	110 1/2	Adm Dev. Bank 17 1/2% 1988	92	94
Austria 18 1/2% 1988	110 1/2	111 1/2	Adm Dev. Bank 18 1/2% 1988	92	94
Austria 19 1/2% 1988	111 1/2	112 1/2	Adm Dev. Bank 19 1/2% 1988	92	94
Austria 20 1/2% 1988	112 1/2	113 1/2	Adm Dev. Bank 20 1/2% 1988	92	94
Austria 21 1/2% 1988	113 1/2	114 1/2	Adm Dev. Bank 21 1/2% 1988	92	94
Austria 22 1/2% 1988	114 1/2	115 1/2	Adm Dev. Bank 22 1/2% 1988	92	94
Austria 23 1/2% 1988	115 1/2	116 1/2	Adm Dev. Bank 23 1/2% 1988	92	94
Austria 24 1/2% 1988	116 1/2	117 1/2	Adm Dev. Bank 24 1/2% 1988	92	94
Austria 25 1/2% 1988	117 1/2	118 1/2	Adm Dev. Bank 25 1/2% 1988	92	94
Austria 26 1/2% 1988	118 1/2	119 1/2	Adm Dev. Bank 26 1/2% 1988	92	94
Austria 27 1/2% 1988	119 1/2	120 1/2	Adm Dev. Bank 27 1/2% 1988	92	94
Austria 28 1/2% 1988	120 1/2	121 1/2	Adm Dev. Bank 28 1/2% 1988	92	94
Austria 29 1/2% 1988	121 1/2	122 1/2	Adm Dev. Bank 29 1/2% 1988	92	94
Austria 30 1/2% 1988	122 1/2	123 1/2	Adm Dev. Bank 30 1/2% 1988	92	94
Austria 31 1/2% 1988	123 1/2	124 1/2	Adm Dev. Bank 31 1/2% 1988	92	94
Austria 32 1/2% 1988	124 1/2	125 1/2	Adm Dev. Bank 32 1/2% 1988	92	94
Austria 33 1/2% 1988	125 1/2	126 1/2	Adm Dev. Bank 33 1/2% 1988	92	94
Austria 34 1/2% 1988	126 1/2	127 1/2	Adm Dev. Bank 34 1/2% 1988	92	94
Austria 35 1/2% 1988	127 1/2	128 1/2	Adm Dev. Bank 35 1/2% 1988	92	94
Austria 36 1/2% 1988	128 1/2	129 1/2	Adm Dev. Bank 36 1/2% 1988	92	94
Austria 37 1/2% 1988	129 1/2	130 1/2	Adm Dev. Bank 37 1/2% 1988	92	94
Austria 38 1/2% 1988	130 1/2	131 1/2	Adm Dev. Bank 38 1/2% 1988	92	94
Austria 39 1/2% 1988	131 1/2	132 1/2	Adm Dev. Bank 39 1/2% 1988	92	94
Austria 40 1/2% 1988	132 1/2	133 1/2	Adm Dev. Bank 40 1/2% 1988	92	94
Austria 41 1/2% 1988	133 1/2	134 1/2	Adm Dev. Bank 41 1/2% 1988	92	94
Austria 42 1/2% 1988	134 1/2	135 1/2	Adm Dev. Bank 42 1/2% 1988	92	94
Austria 43 1/2% 1988	135 1/2	136 1/2	Adm Dev. Bank 43 1/2% 1988	92	94
Austria 44 1/2% 1988	136 1/2	137 1/2	Adm Dev. Bank 44 1/2% 1988	92	94
Austria 45 1/2% 1988	137 1/2	138 1/2	Adm Dev. Bank 45 1/2% 1988	92	94
Austria 46 1/2% 1988	138 1/2	139 1/2	Adm Dev. Bank 46 1/2% 1988	92	94
Austria 47 1/2% 1988	139 1/2	140 1/2	Adm Dev. Bank 47 1/2% 1988	92	94
Austria 48 1/2% 1988	140 1/2	141 1/2	Adm Dev. Bank 48 1/2% 1988	92	94
Austria 49 1/2% 1988	141 1/2	142 1/2	Adm Dev. Bank 49 1/2% 1988	92	94
Austria 50 1/2% 1988	142 1/2	143 1/2	Adm Dev. Bank 50 1/2% 1988	92	94
Austria 51 1/2% 1988	143 1/2	144 1/2	Adm Dev. Bank 51 1/2% 1988	92	94
Austria 52 1/2% 1988	144 1/2	145 1/2	Adm Dev. Bank 52 1/2% 1988	92	94
Austria 53 1/2% 1988	145 1/2	146 1/2	Adm Dev. Bank 53 1/2% 1988	92	94
Austria 54 1/2% 1988	146 1/2	147 1/2	Adm Dev. Bank 54 1/2% 1988	92	94
Austria 55 1/2% 1988	147 1/2	148 1/2	Adm Dev. Bank 55 1/2% 1988	92	94
Austria 56 1/2% 1988	148 1/2	149 1/2	Adm Dev. Bank 56 1/2% 1988	92	94
Austria 57 1/2% 1988	149 1/2	150 1/2	Adm Dev. Bank 57 1/2% 1988	92	94
Austria 58 1/2% 1988	150 1/2	151 1/2	Adm Dev. Bank 58 1/2% 1988	92	94
Austria 59 1/2% 1988	151 1/2	152 1/2	Adm Dev. Bank 59 1/2% 1988	92	94
Austria 60 1/2% 1988	152 1/2	153 1/2	Adm Dev. Bank 60 1/2% 1988	92	94
Austria 61 1/2% 1988	153 1/2	154 1/2	Adm Dev. Bank 61 1/2% 1988	92	94
Austria 62 1/2% 1988	154 1/2	155 1/2	Adm Dev. Bank 62 1/2% 1988	92	94
Austria 63 1/2% 1988	155 1/2	156 1/2	Adm Dev. Bank 63 1/2% 1988	92	94
Austria 64 1/2% 1988	156 1/2	157 1/2	Adm Dev. Bank 64 1/2% 1988	92	94
Austria 65 1/2% 1988	157 1/2	158 1/2	Adm Dev. Bank 65 1/2% 1988	92	94
Austria 66 1/2% 1988	158 1/2	159 1/2	Adm Dev. Bank 66 1/2% 1988	92	94
Austria 67 1/2% 1988	159 1/2	160 1/2	Adm Dev. Bank 67 1/2% 1988	92	94
Austria 68 1/2% 1988	160 1/2	161 1/2	Adm Dev. Bank 68 1/2% 1988	92	94
Austria 69 1/2% 1988	161 1/2	162 1/2	Adm Dev. Bank 69 1/2% 1988	92	94
Austria 70 1/2% 1988	162 1/2	163 1/2	Adm Dev. Bank 70 1/2% 1988	92	94
Austria 71 1/2% 1988	163 1/2	164 1/2	Adm Dev. Bank 71 1/2% 1988	92	94
Austria 72 1/2% 1988	164 1/2	165 1/2	Adm Dev. Bank 72 1/2% 1988	92	94
Austria 73 1/2% 1988	165 1/2	166 1/2	Adm Dev. Bank 73 1/2% 1988	92	94
Austria 74 1/2% 1988	166 1/2	167 1/2	Adm Dev. Bank 74 1/2% 1988	92	94
Austria 75 1/2% 1988	167 1/2	168 1/2	Adm Dev. Bank 75 1/2% 1988	92	94
Austria 76 1/2% 1988	168 1/2	169 1/2	Adm Dev. Bank 76 1/2% 1988	92	94
Austria 77 1/2% 1988	169 1/2	170 1/2	Adm Dev. Bank 77 1/2% 1988	92	94
Austria 78 1/2% 1988	170 1/2	171 1/2	Adm Dev. Bank 78 1/2% 1988	92	94
Austria 79 1/2% 1988	171 1/2	172 1/2	Adm Dev. Bank 79 1/2% 1988	92	94
Austria 80 1/2% 1988	172 1/2	173 1/2	Adm Dev. Bank 80 1/2% 1988	92	94
Austria 81 1/2% 1988	173 1/2	174 1/2	Adm Dev. Bank 81 1/2% 1988	92	94
Austria 82 1/2% 1988	174 1/2	175 1/2	Adm Dev. Bank 82 1/2% 1988	92	94
Austria 83 1/2% 1988	175 1/2	176 1/2	Adm Dev. Bank 83 1/2% 1988	92	94
Austria 84 1/2% 1988	176 1/2	177 1/2	Adm Dev. Bank 84 1/2% 1988	92	94
Austria 85 1/2% 1988	177 1/2	178 1/2	Adm Dev. Bank 85 1/2% 1988	92	94
Austria 86 1/2% 1988	178 1/2	179 1/2	Adm Dev. Bank 86 1/2% 1988	92	94
Austria 87 1/2% 1988	179 1/2	180 1/2	Adm Dev. Bank 87 1/2% 1988	92	94
Austria 88 1/2% 1988	180 1/2	181 1/2	Adm Dev. Bank 88 1/2% 1988	92	94
Austria 89 1/2% 1988	181 1/2	182 1/2	Adm Dev. Bank 89 1/2% 1988	92	94
Austria 90 1/2% 1988	182 1/2	183 1/2	Adm Dev. Bank 90 1/2% 1988	92	94
Austria 91 1/2% 1988	183 1/2	184 1/2	Adm Dev. Bank 91 1/2% 1988	92	94
Austria 92 1/2% 1988	184 1/2	185 1/2	Adm Dev. Bank 92 1/2% 1988	92	94
Austria 93 1/2% 1988	185 1/2	186 1/2	Adm Dev. Bank 93 1/2% 1988	92	94
Austria 94 1/2% 1988	186 1/2	187 1/2	Adm Dev. Bank 94 1/2% 1988	92	94
Austria 95 1/2% 1988	187 1/2	188 1/2	Adm Dev. Bank 95 1/2% 1988	92	94
Austria 96 1/2% 1988	188 1/2	189 1/2	Adm Dev. Bank 96 1/2% 1988	92	94
Austria 97 1/2% 1988	189 1/2	190 1/2	Adm Dev. Bank 97 1/2% 1988	92	94
Austria 98 1/2% 1988	190 1/2	191 1/2	Adm Dev. Bank 98 1/2% 1988	92	94
Austria 99 1/2% 1988	191 1/2	192 1/2	Adm Dev. Bank 99 1/2% 1988	92	94
Austria 100 1/2% 1988	192 1/2	193 1/2	Adm Dev. Bank 100 1/2% 1988	92	94

NOTES	Mid	Offer	CONVERTIBLES	Mid	Offer
Austria 7 1/2% 1984	92 1/2	94 1/2	Adm Dev. Bank 4 1/2% 87	91 1/2	93 1/2
Austria 8 1/2% 1984	93 1/2	95 1/2	Adm Dev. Bank 5 1/2% 87	92 1/2	94 1/2
Austria 9 1/2% 1984	94 1/2	96 1/2	Adm Dev. Bank 6 1/2% 87	93 1/2	95 1/2
Austria 10 1/2% 1984	95 1/2	97 1/2	Adm Dev. Bank 7 1/2% 87	94 1/2	96 1/2
Austria 11 1/2% 1984	96 1/2	98 1/2	Adm Dev. Bank 8 1/2% 87	95 1/2	97 1/2
Austria 12 1/2% 1984	97 1/2	99 1/2	Adm Dev. Bank 9 1/2% 87	96 1/2	98 1/2
Austria 13 1/2% 1984	98 1/2	100 1/2	Adm Dev. Bank 10 1/2% 87	97 1/2	99 1/2
Austria 14 1/2% 1984	99 1/2	101 1/2	Adm Dev. Bank 11 1/2% 87	98 1/2	100 1/2
Austria 15 1/2% 1984	100 1/2	102 1/2	Adm Dev. Bank 12 1/2% 87	99 1/2	101 1/2
Austria 16 1/2% 1984	101 1/2	103 1/2	Adm Dev. Bank 13 1/2% 87	100 1/2	102 1/2
Austria 17 1/2% 1984	102 1/2	104 1/2	Adm Dev. Bank 14 1/2% 87	101 1/2	103 1/2
Austria 18 1/2% 198					



## Indices

at HK\$21.10 and Swire Pacific  
5 cents off at HK\$9.50.

at HK\$21.10 and Swire Pacific  
cents off at HK\$9.50.  
Elsewhere Hong Kong Aircraft  
added HK\$2 at HK\$71. Hong  
Kong Hotels 40 cents at HK\$18.40  
and World-Wide Properties 10  
cents at HK\$14.5.

With the gold share market consolidating its recent good gains, prices eased initially yesterday but partially recovered later.

Mining Financials tended to arden, but Platinums were fresh in an active trade.

### Australia

After the recent buoyant performance, share prices turned mixed yesterday, with some further Overseas buying interest counter-balanced by general profit-taking.

BHP, \$A7.94, lost the previous RHP's advance of 8 cents, but News rose 10 cents more to \$2.40, and in the Sugar sector, CSR improved 4 cents to A33.30. Engineering were mainly flat.

ANZ shed 4 cents to A\$3.16 among Banks, but CBC, despite a

**\$1.85, held steady as**  
**Among softer Oil**

[illegible]

Jan Omvieren....	145	+6	—	—	—
Muhred (F. 20)...	31.0	—05	—	—	—
Muhred (F. 10)...	25.6	—01	17	67	—

[illegible]

	Aug. 4	July 28	July 21	(Year ago approx)
Ind. Inv. sold %				

	Aug 2	July 28	July 19	Year ago (approx.)
Ind. div. yield %	4.75	4.95	4.98	4.52

MONTREAL	Aug. 8	Aug. 7	Aug. 4	Aug. 3	1978	
					High	Low

	9	views	High	Low		9	views	High	Low
Australia (1)	521.26	521.75	521.75	441.19	Spain (2)	102.66	103.49	110.78	87.80
	(85)			(1.15)					(11.6)
Belgium (1)	97.23	97.53	101.16	93.43	Sweden (1)	407.53	396.19	402.17	396.19

Indices and base dates (all base values 100 except NYSE All Common - 50)	Pamida	243.700	78	++
Standard and Poors - 10 and Toronto	Sears Roebuck	230.100	23	-

ACMIL (20 cents).....	10.64	-0.82	Beyron Bank.....	99.5	+0.6	9	9.9
Acrow Australia.....	10.87		Bicopcard.....	77	-2		
AMATIL RL.....	12.16	+0.01	Creditbank.....	113		11	8.8
Ampol Exploration.....	11.42		Komoro.....	250		20	8.0
			Landbank.....	100	1	13	10.0

Broken Hill Proprietary....	17.94	-8.08	Bejo Mining OP	1.38	-0.02	1.08	6.01
BB South .....	11.25	+0.01	Lays Amer. OP.	3.61	-0.8	1.80	5.44
			Petrolums PP.	6.62	+0.01	0.12	7.59
Carilion United Brewery....	+1.80	1	Pirelli	1.50		0.16	10.88
CSE (\$1)	13.30	+8.84	Verona Chem OP	9.90	0.55	0.83	10.66

Leadership .....	12.90	-0.05	Coast Communications .....	13.50	+0.25
Hooker .....	10.80	-0.01	East Driefountain .....	14.85	
ICI Australia .....	12.15		Esaburg .....	2.35	
Inter-Copper .....	10.15		Harmony .....	1.60	
Jeannings Industries .....	11.15		Kinross .....	7.45	-0.25

Hecht & Coleman	\$3.00	SWINWEIN	5.50	
H. C. Sleigh	10.79	Welkam	6.19	-0.05
Southland Mining	10.35	West Driestown	44.78	-0.20
Paragon Exploration	10.45	Western Holdings	140.00	+0.35
South (S)	11.91	Western Deep	18.40	+0.09

Equitaine	676	-1	28.25	4.6	Greenspan Stores	12.40	+0.03
EDF	512	+5	11.6	2.7	Guardian Assurance (SA)	2.30	
Energies	874		42	4.8	Huolt	1.63	-0.01
E.S.N. Gervais	530	+5	48.5	7.6	LTA	3.10	+0.05
Eurolat	1715	-1	76	2.4	McCarthy Rodway	0.95	+0.05

G.Oreal		781ad	15.97	2.0
Grand			15.97	2.0
Melrose Phenix	-38	66.75	6.9	
Melroe "B"	561	0	39.35	6.1
Melroe "H"	1,299	+11	51.55	2.3
SEC	562	0	12.5	7

Unsec ..... 1.22 +0.01

**Securities Rand U.S.\$0.74  
(Discount of 35.4%)**

eleme... ..	782	-6	25.5	3.7	Banco Ind. Cat. (1.000)	175	+ 3
... ..	237.0	+4.5	18.15	6.4	B. Ind. Mediterranea...	205	- 1
... ..	24	-0.2	-	-	Banco Popular	258	- 1
... ..					Banco Santander (250)	371	- 6

etiolosa.....	245	-1	10	4.1	Pecora (LOUNT)	155	-0.5
elect'lux'B'(Kx60)	147	-2	6.5	4.2	Pemosa (1900)	75	-2.5
elcomon"E'(Kx60)	146	-1	0	4.5	Gal. Preciados	77	-1
					Grupo Velazquez (400)	155	-10
esalte "H"	297	-1	0.5	5.5	Hidrota	75.5	-

the 1990s, the number of people in the world who are undernourished has declined from 1.1 billion to 800 million. The number of people who are malnourished has declined from 1.5 billion to 1 billion. The number of people who are obese has increased from 100 million to 300 million. The number of people who are overweight has increased from 100 million to 300 million. The number of people who are obese and overweight has increased from 100 million to 300 million. The number of people who are obese and overweight has increased from 100 million to 300 million.

## Sharp rise in sugar exports

## CARIBBEAN AGRICULTURE

# War on hunger given new life

KINGSTON, August 8.

THE CONTINUING thaw in relations between the 12 members of the Caribbean Common Market (Caricom) has opened the way for implementation of the grouping's most ambitious programme of co-operation in its five-year history.

Just under three years ago the members of the community worked out plans for a food production scheme. The aim was to

reduce the region's \$800m annual food import bill, and eliminate the malnutrition which has plagued an estimated 100 children in the Commonwealth Caribbean to the edge of death. A further 90,000 are said by regional health authorities to be "moderately malnourished."

Political and trade squabbles, however, left most of the plans on the drawing board until the recent successful Ministerial Council meeting in Kingston brought new life into the economic newsmen.

Now it is reported that the food plan is one of the programmes to be treated with particular although it is unlikely that targets set for a decade after its launching will be achieved.

## Capital

Corporation, which has its headquarters in Trinidad. It is the first multinational commercial undertaking launched under the aegis of CARICOM and has a share capital of 100m Trinidad and Tobago dollars.

... Jamaica, Guyana, and Trinidad and Tobago each own 25 per cent of the shares, with the remainder split between Barbados, Belize and the other members in the eastern Caribbean.

Despite the problems affecting the region during the past two years and the apparent inability of its political leaders to see eye to eye on most matters, one aspect of the food corporation's operations has been successful. Regional officials have said that the crop and livestock projects are being sited in areas where space is readily available and where soil conditions are right.

The farms growing cereals and vegetables, however, will have to depend on substantial quantities of imported fertilisers. A pilot scheme is being undertaken on 5,000 acres which it is

planned to expand eventually to 50,000. It will be planted with maize, soyabeans and black-eyed peas. It was envisaged that at the end of a ten-year period the farm would provide 25m pounds of programme is being undertaken by the Caricom secretariat for the bulk purchasing, and importation of fertilisers.

There are substantial agro-industrial skills in the region

use could not necessarily be equated with consumption in any given quarter, because part of the total might be used to build stocks.

Reuter

**PRICE CHANGES**

**U.S. Markets**

Price per share unless otherwise stated.

Scotland—Cattle down 8.9 per cent, average price 70.00 (£10.1); Sheep up 0.6 per cent, average price 132.50 (£17.7); Pigs down 34.6 per cent, average price 10.00 (£1.3).	Aug. 9 1914	+ or -	Month ago	<h1>Strong rally in coffee;</h1>
U. K. forecast rates of UK monetary compensatory amounts for week from August 14 (previous week's figures in brackets):				
Gold £100			\$140	
Free trade £100/50			\$140-50	

Copper	127.25	+5.5	127.00
Aluminum	1.45	+0.01	1.46
Steel	1.45	+0.01	1.46
Iron	1.45	+0.01	1.46
Lead	1.45	+0.01	1.46
Gold	1.45	+0.01	1.46
Platinum	1.45	+0.01	1.46
Palladium	1.45	+0.01	1.46
Silver	1.45	+0.01	1.46
Mercury	1.45	+0.01	1.46
Vanadium	1.45	+0.01	1.46
Nickel	1.45	+0.01	1.46
Cobalt	1.45	+0.01	1.46
Chromium	1.45	+0.01	1.46
Manganese	1.45	+0.01	1.46
Zinc	1.45	+0.01	1.46
Antimony	1.45	+0.01	1.46
Arsenic	1.45	+0.01	1.46
Bismuth	1.45	+0.01	1.46
Fluorine	1.45	+0.01	1.46
Hydrogen	1.45	+0.01	1.46
Helium	1.45	+0.01	1.46
Lithium	1.45	+0.01	1.46
Sodium	1.45	+0.01	1.46
Potassium	1.45	+0.01	1.46
Calcium	1.45	+0.01	1.46
Magnesium	1.45	+0.01	1.46
Barium	1.45	+0.01	1.46
Strontium	1.45	+0.01	1.46
Bromine	1.45	+0.01	1.46
Iodine	1.45	+0.01	1.46
Chlorine	1.45	+0.01	1.46
Oxygen	1.45	+0.01	1.46
Nitrogen	1.45	+0.01	1.46
Carbon	1.45	+0.01	1.46
Sulfur	1.45	+0.01	1.46
Phosphorus	1.45	+0.01	1.46
Silicon	1.45	+0.01	1.46
Boron	1.45	+0.01	1.46
Fluorine	1.45	+0.01	1.46
Hydrogen	1.45	+0.01	1.46
Helium	1.45	+0.01	1.46
Lithium	1.45	+0.01	1.46
Sodium	1.45	+0.01	1.46
Potassium	1.45	+0.01	1.46
Calcium	1.45	+0.01	1.46
Magnesium	1.45	+0.01	1.46
Barium	1.45	+0.01	1.46
Strontium	1.45	+0.01	1.46
Bromine	1.45	+0.01	1.46
Iodine	1.45	+0.01	1.46
Chlorine	1.45	+0.01	1.46
Oxygen	1.45	+0.01	1.46
Nitrogen	1.45	+0.01	1.46
Carbon	1.45	+0.01	1.46
Sulfur	1.45	+0.01	1.46
Phosphorus	1.45	+0.01	1.46
Silicon	1.45	+0.01	1.46
Boron	1.45	+0.01	1.46

[illegible][illegible]

Opium 0.18-0.22	French Cardinal	0.00	
Peas-Perch	French 25-lb bag	3.35	
Peas-Perch	French 50-lb bag	6.35	
Peas-Perch	French 100-lb bag	12.35	
Peas-Perch	French 200-lb bag	24.35	
Peas-Perch	French 400-lb bag	48.35	
Peas-Perch	French 800-lb bag	96.35	
Peas-Perch	French 1600-lb bag	192.35	
Peas-Perch	French 3200-lb bag	384.35	
Peas-Perch	French 6400-lb bag	768.35	
Peas-Perch	French 12800-lb bag	1536.35	
Peas-Perch	French 25600-lb bag	3072.35	
Peas-Perch	French 51200-lb bag	6144.35	
Peas-Perch	French 102400-lb bag	12288.35	
Peas-Perch	French 204800-lb bag	24576.35	
Peas-Perch	French 409600-lb bag	49152.35	
Peas-Perch	French 819200-lb bag	98304.35	
Peas-Perch	French 1638400-lb bag	196608.35	
Peas-Perch	French 3276800-lb bag	393216.35	
Peas-Perch	French 6553600-lb bag	786432.35	
Peas-Perch	French 13107200-lb bag	1572864.35	
Peas-Perch	French 26214400-lb bag	3145728.35	
Peas-Perch	French 52428800-lb bag	6291456.35	
Peas-Perch	French 104857600-lb bag	12582912.35	
Peas-Perch	French 209715200-lb bag	25165824.35	
Peas-Perch	French 419430400-lb bag	50331648.35	
Peas-Perch	French 838860800-lb bag	100663296.35	
Peas-Perch	French 1677721600-lb bag	201326592.35	
Peas-Perch	French 3355443200-lb bag	402653184.35	
Peas-Perch	French 6710886400-lb bag	805306368.35	
Peas-Perch	French 13421772800-lb bag	1610612736.35	
Peas-Perch	French 26843545600-lb bag	3221225472.35	
Peas-Perch	French 53687091200-lb bag	6442450944.35	
Peas-Perch	French 107374182400-lb bag	12884901888.35	
Peas-Perch	French 214748364800-lb bag	25769803776.35	
Peas-Perch	French 429496729600-lb bag	51539607552.35	
Peas-Perch	French 858993459200-lb bag	103079215104.35	
Peas-Perch	French 1717986918400-lb bag	206158430208.35	
Peas-Perch	French 3435973836800-lb bag	412316860416.35	
Peas-Perch	French 6871947673600-lb bag	824633720832.35	
Peas-Perch	French 13743895347200-lb bag	1649267441664.35	
Peas-Perch	French 27487790694400-lb bag	3298534883328.35	
Peas-Perch	French 54975581388800-lb bag	6597069766656.35	
Peas-Perch	French 109951162777600-lb bag	13194139533312.35	
Peas-Perch	French 219902325555200-lb bag	26388279066624.35	
Peas-Perch	French 439804651110400-lb bag	52776558133248.35	
Peas-Perch	French 879609302220800-lb bag	105553116266496.35	
Peas-Perch	French 1759218604441600-lb bag	211106232532992.35	
Peas-Perch	French 3518437208883200-lb bag	422212465065984.35	
Peas-Perch	French 7036874417766400-lb bag	844424930131968.35	
Peas-Perch	French 14073748835532800-lb bag	1688849860263936.35	
Peas-Perch	French 28147497671065600-lb bag	3377699720527872.35	
Peas-Perch	French 56294995342131200-lb bag	6755399441055744.35	
Peas-Perch	French 112589990684262400-lb bag	13510798882111488.35	
Peas-Perch	French 225179981368524800-lb bag	27021597764222976.35	
Peas-Perch	French 450359962737049600-lb bag	54043195528445952.35	
Peas-Perch	French 900719925474099200-lb bag	108086391056891904.35	
Peas-Perch	French 1801439850948198400-lb bag	216172782113783808.35	
Peas-Perch	French 3602879701896396800-lb bag	432345564227567616.35	
Peas-Perch	French 7205759403792793600-lb bag	864691128455135232.35	
Peas-Perch	French 14411518807585587200-lb bag	1729382256910270464.35	
Peas-Perch	French 28823037615171174400-lb bag	3458764513820540928.35	
Peas-Perch	French 57646075230342348800-lb bag	6917529027641081856.35	
Peas-Perch	French 115292150460684697600-lb bag	1383505	

[illegible][illegible][illegible][illegible][illegible]

**bigger than expected**

WASHINGTON, August 9. ERU'S TOTAL industrial fish

DOW JONES				
Low	Jan.	Aug.	Month	Year
142.26	145.7	145.4	146.7	146.7

(Base: September 18, 1923=100)

—Wheat Sept. 3073-308 (3053), Dec. 3054-3062 (3041), March 3043-3045, May 3067, July 3044, Sept. 3040.

WINNPEC, August 8. 1950=Oct. 89.00 bid, 102.25 bid, Nov. 92.50 asked (91.00 asked), Dec. 92.50, May 92.25 asked, 1949=Oct. 71.00 (71.40 bid), Dec. 71.19

	Spot	Oct	Nov	Dec
Wool	333.41	355.50	351.81	358.14
Future	343.00	311.98	322.56	331.86
	(Average 17-25-28-36)			

**WOOLY'S**

	Oct	Nov	Dec
Wool	333.41	355.50	351.81
Future	343.00	311.98	322.56

Moody's	AUG. 7	Aug. 7	Month	Year
Spice County	16,239	16,239	15,112	23,575

(December 31, 1931=100)

**GRIMSEY FISH**—Supply good, demand good. Prices at wharf: sole (unpacked) per stone: Shell cod 5.00-5.10, codlings 4.00-4.10, haddock 3.50-3.60, salmon 4.00-4.10, medium haddock 3.50-3.60, plaice 3.00-3.10, turbot 3.00-3.10, large plaice 2.80-3.00.

79.00, medium shrimp 2.36-4.64 3pc small  
 80.00, medium shrimp 2.36-4.64 3pc large  
 81.00, medium shrimp 2.36-4.64 3pc large  
 82.00, medium shrimp 2.36-4.64 3pc large  
 83.00, medium shrimp 2.36-4.64 3pc large  
 84.00, medium shrimp 2.36-4.64 3pc large  
 85.00, medium shrimp 2.36-4.64 3pc large  
 86.00, medium shrimp 2.36-4.64 3pc large  
 87.00, medium shrimp 2.36-4.64 3pc large  
 88.00, medium shrimp 2.36-4.64 3pc large  
 89.00, medium shrimp 2.36-4.64 3pc large  
 90.00, medium shrimp 2.36-4.64 3pc large  
 91.00, medium shrimp 2.36-4.64 3pc large  
 92.00, medium shrimp 2.36-4.64 3pc large  
 93.00, medium shrimp 2.36-4.64 3pc large  
 94.00, medium shrimp 2.36-4.64 3pc large  
 95.00, medium shrimp 2.36-4.64 3pc large  
 96.00, medium shrimp 2.36-4.64 3pc large  
 97.00, medium shrimp 2.36-4.64 3pc large  
 98.00, medium shrimp 2.36-4.64 3pc large  
 99.00, medium shrimp 2.36-4.64 3pc large  
 100.00, medium shrimp 2.36-4.64 3pc large



## OFFSHORE AND OVERSEAS FUNDS

[illegible]

Capital Int. Fund | SUS19.02 | ..... - Richmond Life Ass. Ltd.  
Charterhouse Japhet 48, Athol Street, Douglas, I.O.M. 0654 23914  
1 Paternoster Row, EC4 01 248 2000 (The Silver Trust [1991] 1117-8.6) -

[illegible][illegible]

**NOTES**

Prices do not include \$ premium, except where indicated \*, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. A Offered price, B Include all expenses. C Today's price, D Yield based on offer price, E Estimated, F Today's price, G Today's yield, H Underlying U.S. taxes, I Periodic premium income, J Single premium insurance, K Offered price includes all expenses except agent's commission. Offered price includes all expenses if bought through managers. P Previous day's price.

**NOTES**

Prices do not include \$ premium, except where indicated \*, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. A Offered price, B Include all expenses. C Today's price, D Yield based on offer price, E Estimated, F Today's price, G Today's yield, H Underlying U.S. taxes, I Periodic premium income, J Single premium insurance, K Offered price includes all expenses except agent's commission. Offered price includes all expenses if bought through managers. P Previous day's price.

**Telford**  
Modernising the Midlands  
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P.O. Box 100, Telford, Shropshire, ST1 2EL  
Tel: 0905 25211

# FT SHARE INFORMATION SERVICE

## BONDS & RAILS—Cont.

## BANKS & HP—Continued

## CHEMICALS, PLASTICS—Cont.

## ENGINEERING—Continued

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978	High	Low	Stock	Price	%	Div.	Yield
1001	98.5	98.0	British Fund	98.5	0.5	5.0	5.0
1002	98.5	98.0	British Fund	98.5	0.5	5.0	5.0
1003	98.5	98.0	British Fund	98.5	0.5	5.0	5.0
1004	98.5	98.0	British Fund	98.5	0.5	5.0	5.0
1005	98.5	98.0	British Fund	98.5	0.5	5.0	5.0
1006	98.5	98.0	British Fund	98.5	0.5	5.0	5.0
1007	98.5	98.0	British Fund	98.5	0.5	5.0	5.0
1008	98.5	98.0	British Fund	98.5	0.5	5.0	5.0
1009	98.5	98.0	British Fund	98.5	0.5	5.0	5.0
1010	98.5	98.0	British Fund	98.5	0.5	5.0	5.0

## AMERICANS

1978	High	Low	Stock	Price	%	Div.	Yield
1011	98.5	98.0	American Fund	98.5	0.5	5.0	5.0
1012	98.5	98.0	American Fund	98.5	0.5	5.0	5.0
1013	98.5	98.0	American Fund	98.5	0.5	5.0	5.0
1014	98.5	98.0	American Fund	98.5	0.5	5.0	5.0
1015	98.5	98.0	American Fund	98.5	0.5	5.0	5.0
1016	98.5	98.0	American Fund	98.5	0.5	5.0	5.0
1017	98.5	98.0	American Fund	98.5	0.5	5.0	5.0
1018	98.5	98.0	American Fund	98.5	0.5	5.0	5.0
1019	98.5	98.0	American Fund	98.5	0.5	5.0	5.0
1020	98.5	98.0	American Fund	98.5	0.5	5.0	5.0

## BEERS, WINES AND SPIRITS

1978	High	Low	Stock	Price	%	Div.	Yield
1021	98.5	98.0	Beers, Wines & Spirits	98.5	0.5	5.0	5.0
1022	98.5	98.0	Beers, Wines & Spirits	98.5	0.5	5.0	5.0
1023	98.5	98.0	Beers, Wines & Spirits	98.5	0.5	5.0	5.0
1024	98.5	98.0	Beers, Wines & Spirits	98.5	0.5	5.0	5.0
1025	98.5	98.0	Beers, Wines & Spirits	98.5	0.5	5.0	5.0
1026	98.5	98.0	Beers, Wines & Spirits	98.5	0.5	5.0	5.0
1027	98.5	98.0	Beers, Wines & Spirits	98.5	0.5	5.0	5.0
1028	98.5	98.0	Beers, Wines & Spirits	98.5	0.5	5.0	5.0
1029	98.5	98.0	Beers, Wines & Spirits	98.5	0.5	5.0	5.0
1030	98.5	98.0	Beers, Wines & Spirits	98.5	0.5	5.0	5.0

## CINEMAS, THEATRES AND TV

1978	High	Low	Stock	Price	%	Div.	Yield
1031	98.5	98.0	Cinemas, Theatres & TV	98.5	0.5	5.0	5.0
1032	98.5	98.0	Cinemas, Theatres & TV	98.5	0.5	5.0	5.0
1033	98.5	98.0	Cinemas, Theatres & TV	98.5	0.5	5.0	5.0
1034	98.5	98.0	Cinemas, Theatres & TV	98.5	0.5	5.0	5.0
1035	98.5	98.0	Cinemas, Theatres & TV	98.5	0.5	5.0	5.0
1036	98.5	98.0	Cinemas, Theatres & TV	98.5	0.5	5.0	5.0
1037	98.5	98.0	Cinemas, Theatres & TV	98.5	0.5	5.0	5.0
1038	98.5	98.0	Cinemas, Theatres & TV	98.5	0.5	5.0	5.0
1039	98.5	98.0	Cinemas, Theatres & TV	98.5	0.5	5.0	5.0
1040	98.5	98.0	Cinemas, Theatres & TV	98.5	0.5	5.0	5.0

## DRAPERY AND STORES

1978	High	Low	Stock	Price	%	Div.	Yield
1041	98.5	98.0	Drapery & Stores	98.5	0.5	5.0	5.0
1042	98.5	98.0	Drapery & Stores	98.5	0.5	5.0	5.0
1043	98.5	98.0	Drapery & Stores	98.5	0.5	5.0	5.0
1044	98.5	98.0	Drapery & Stores	98.5	0.5	5.0	5.0
1045	98.5	98.0	Drapery & Stores	98.5	0.5	5.0	5.0
1046	98.5	98.0	Drapery & Stores	98.5	0.5	5.0	5.0
1047	98.5	98.0	Drapery & Stores	98.5	0.5	5.0	5.0
1048	98.5	98.0	Drapery & Stores	98.5	0.5	5.0	5.0
1049	98.5	98.0	Drapery & Stores	98.5	0.5	5.0	5.0
1050	98.5	98.0	Drapery & Stores	98.5	0.5	5.0	5.0

## Over Fifteen Years

1978	High	Low	Stock	Price	%	Div.	Yield
1051	98.5	98.0	Over Fifteen Years	98.5	0.5	5.0	5.0
1052	98.5	98.0	Over Fifteen Years	98.5	0.5	5.0	5.0
1053	98.5	98.0	Over Fifteen Years	98.5	0.5	5.0	5.0
1054	98.5	98.0	Over Fifteen Years	98.5	0.5	5.0	5.0
1055	98.5	98.0	Over Fifteen Years	98.5	0.5	5.0	5.0
1056	98.5	98.0	Over Fifteen Years	98.5	0.5	5.0	5.0
1057	98.5	98.0	Over Fifteen Years	98.5	0.5	5.0	5.0
1058	98.5	98.0	Over Fifteen Years	98.5	0.5	5.0	5.0
1059	98.5	98.0	Over Fifteen Years	98.5	0.5	5.0	5.0
1060	98.5	98.0	Over Fifteen Years	98.5	0.5	5.0	5.0

## Undated

1978	High	Low	Stock	Price	%	Div.	Yield
1061	98.5	98.0	Undated	98.5	0.5	5.0	5.0
1062	98.5	98.0	Undated	98.5	0.5	5.0	5.0
1063	98.5	98.0	Undated	98.5	0.5	5.0	5.0
1064	98.5	98.0	Undated	98.5	0.5	5.0	5.0
1065	98.5	98.0	Undated	98.5	0.5	5.0	5.0
1066	98.5	98.0	Undated	98.5	0.5	5.0	5.0
1067	98.5	98.0	Undated	98.5	0.5	5.0	5.0
1068	98.5	98.0	Undated	98.5	0.5	5.0	5.0
1069	98.5	98.0	Undated	98.5	0.5	5.0	5.0
1070	98.5	98.0	Undated	98.5	0.5	5.0	5.0

## INTERNATIONAL BANK

1978	High	Low	Stock	Price	%	Div.	Yield
1071	98.5	98.0	International Bank	98.5	0.5	5.0	5.0
1072	98.5	98.0	International Bank	98.5	0.5	5.0	5.0
1073	98.5	98.0	International Bank	98.5	0.5	5.0	5.0
1074	98.5	98.0	International Bank	98.5	0.5	5.0	5.0
1075	98.5	98.0	International Bank	98.5	0.5	5.0	5.0
1076	98.5	98.0	International Bank	98.5	0.5	5.0	5.0
1077	98.5	98.0	International Bank	98.5	0.5	5.0	5.0
1078	98.5	98.0	International Bank	98.5	0.5	5.0	5.0
1079	98.5	98.0	International Bank	98.5	0.5	5.0	5.0
1080	98.5	98.0	International Bank	98.5	0.5	5.0	5.0

## CORPORATION LOANS

1978	High	Low	Stock	Price	%	Div.	Yield
1081	98.5	98.0	Corporation Loans	98.5	0.5	5.0	5.0
1082	98.5	98.0	Corporation Loans	98.5	0.5	5.0	5.0
1083	98.5	98.0	Corporation Loans	98.5	0.5	5.0	5.0
1084	98.5	98.0	Corporation Loans	98.5	0.5	5.0	5.0
1085	98.5	98.0	Corporation Loans	98.5	0.5	5.0	5.0
1086	98.5	98.0	Corporation Loans	98.5	0.5	5.0	5.0
1087	98.5	98.0	Corporation Loans	98.5	0.5	5.0	5.0
1088	98.5	98.0	Corporation Loans	98.5	0.5	5.0	5.0
1089	98.5	98.0	Corporation Loans	98.5	0.5	5.0	5.0
1090	98.5	98.0	Corporation Loans	98.5	0.5	5.0	5.0

## COMMONWEALTH & AFRICAN LOANS

1978	High	Low	Stock	Price	%	Div.	Yield
1091	98.5	98.0	Commonwealth & African Loans	98.5	0.5	5.0	5.0
1092	98.5	98.0	Commonwealth & African Loans	98.5	0.5	5.0	5.0
1093	98.5	98.0	Commonwealth & African Loans	98.5	0.5	5.0	5.0
1094	98.5	98.0	Commonwealth & African Loans	98.5	0.5	5.0	5.0
1095	98.5	98.0	Commonwealth & African Loans	98.5	0.5	5.0	5.0
1096	98.5	98.0	Commonwealth & African Loans	98.5	0.5	5.0	5.0
1097	98.5	98.0	Commonwealth & African Loans	98.5	0.5	5.0	5.0
1098	98.5	98.0	Commonwealth & African Loans	98.5	0.5	5.0	5.0
1099	98.5	98.0	Commonwealth & African Loans	98.5	0.5	5.0	5.0
1100	98.5	98.0	Commonwealth & African Loans	98.5	0.5	5.0	5.0

## LOANS

1978	High	Low	Stock	Price	%	Div.	Yield
1101	98.5	98.0	Loans	98.5	0.5	5.0	5.0
1102	98.5	98.0	Loans	98.5	0.5	5.0	5.0
1103	98.5	98.0	Loans	98.5	0.5	5.0	5.0
1104	98.5	98.0	Loans	98.5	0.5	5.0	5.0
1105	98.5	98.0	Loans	98.5	0.5	5.0	5.0
1106	98.5	98.0	Loans	98.5	0.5	5.0	5.0
1107	98.5	98.0	Loans	98.5	0.5	5.0	5.0
1108	98.5	98.0	Loans	98.5	0.5	5.0	5.0
1109	98.5	98.0	Loans	98.5	0.5	5.0	5.0
1110	98.5	98.0	Loans	98.5	0.5	5.0	5.0

## FOREIGN BONDS & RAILS

1978	High	Low	Stock	Price	%	Div.	Yield
1111	98.5	98.0	Foreign Bonds & Rails	98.5	0.5	5.0	5.0
1112	98.5	98.0	Foreign Bonds & Rails	98.5	0.5	5.0	5.0
1113	98.5	98.0	Foreign Bonds & Rails	98.5	0.5	5.0	5.0
1114	98.5	98.0	Foreign Bonds & Rails	98.5	0.5	5.0	5.0
1115	98.5	98.0	Foreign Bonds & Rails	98.5	0.5	5.0	5.0
1116	98.5	98.0	Foreign Bonds & Rails	98.5	0.5	5.0	5.0
1117	98.5	98.0	Foreign Bonds & Rails	98.5	0.5	5.0	5.0
1118	98.5	98.0	Foreign Bonds & Rails	98.5	0.5	5.0	5.0
1119	98.5	98.0	Foreign Bonds & Rails	98.5	0.5	5.0	5.0
1120	98.5	98.0	Foreign Bonds & Rails	98.5	0.5	5.0	5.0

## CANADIANS

1978	High	Low	Stock	Price	%	Div.	Yield
1121	98.5	98.0	Canadians	98.5	0.5	5.0	5.0
1122	98.5	98.0	Canadians	98.5	0.5	5.0	5.0
1123	98.5	98.0	Canadians	98.5	0.5	5.0	5.0
1124	98.5	98.0	Canadians	98.5	0.5	5.0	5.0
1125	98.5	98.0	Canadians	98.5	0.5	5.0	5.0
1126	98.5	98.0	Canadians	98.5	0.5	5.0	5.0
1127	98.5	98.0	Canadians	98.5	0.5	5.0	5.0
1128	98.5	98.0	Canadians	98.5	0.5	5.0	5.0
1129	98.5	98.0	Canadians	98.5	0.5	5.0	5.0
1130	98.5	98.0	Canadians	98.5	0.5	5.0	5.0

## BANKS AND HIRE PURCHASE

1978	High	Low	Stock	Price	%	Div.	Yield
1131	98.5	98.0	Banks and Hire Purchase	98.5	0.5	5.0	5.0
1132	98.5	98.0	Banks and Hire Purchase	98.5			

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Thursday August 10 1978

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## SEARCH FOR OFFSHORE OIL

## China seeks risk capital

BY DAVID HOUSEGO

BRITISH PETROLEUM and Exxon have been told by the Chinese authorities that foreign risk capital will be welcomed in offshore oil explorations.

The new policy means that companies will bear the cost of offshore exploration though this could later be set against the returns from successful finds. There would be no compensation in the event of failure.

Such a pattern, which still has to be worked out in detail here, is comparable to that operated by many producer countries seeking to encourage oil exploration. But it marks a major departure by China.

Oil companies have been seeking clarification in the light of recent statements from Chinese leaders, including Mr. Li Chang, the Minister of Foreign Trade, that under no circumstances will China consider joint ventures. Chinese officials have now made it clear that the government intends to finance development but

is willing to see foreign companies take the risk on exploration.

British Petroleum is represented on the present delegation to China of British industrialists led by Mr. Edmund Dell, Secretary for Trade. Exxon also has a mission in Peking.

Other American and Japanese companies have been negotiating with the Chinese over offshore exploration. These discussions reflect the emphasis the Chinese are now placing on offshore oil as the country's biggest potential earner of foreign exchange.

In line with reserving as much oil for export as possible, the Chinese authorities have told the British delegation that all their future power stations will be coal-fired. At the same time they are pressing ahead with a rapid expansion of coal output both to prevent energy shortages remaining a bottleneck in their industrialised Asian drive and for

exports. As part of this programme Powell Duffryn and the National Coal Board have been asked to do the design work for two new mines. Duffryn Mining also has a mission here which is hoping to conclude a contract for about 25 sets of mining equipment worth an estimated £100m.

China is looking for a three to four-fold increase in its oil production from last year's level of 1.8m barrels a day. Offshore deposits are said to exist in the Bohai Gulf (where Japanese companies are to drill), Huapeli Bay, the Taiwan Straits and the Pargel Islands whose ownership is disputed. The continental shelf off China's coast is generally considered a promising area of exploration.

A puzzling feature of this planned expansion is that the growth of oil production has been slowing down. One explanation put forward by foreign observers here is that the Chinese are

attempting to restrict domestic consumption. Another is that at Tachang, the onshore field that produces about a third of China's output, difficulties have been encountered in secondary recovery methods through water injection.

Mr. Dell said at a Press conference here tonight that offshore equipment was one of the areas in which the Chinese were showing much interest in British technology. He emphasised that many countries were now competing for contracts in China and that British industry should make a speedy response.

In the aerospace industry, he said, the Chinese were interested in the HS 146, a short-haul four-engine jet with seating capacity for 70 to 80. He said that tomorrow he would be visiting Shian in central China where the Rolls Royce Spey engine is being made under licence. Rolls Royce anticipate further orders from China.

PEKING, August 9.

## Pension funds seek Allied meeting

BY CHRISTINE MOIR

THE National Association of Pension Funds is expected to set up a case committee in the next two days to formalise the funds' growing concern over the Allied Breweries bid for J. Lyons and Co.

Mr. George Dennis, chairman of the investment protection committee of the National Association of Pension Funds, said yesterday: "There is tremendous concern from our members both in terms of the industrial logic of this bid and because it does not appear that shareholders of Allied are to be consulted."

"Some of our members want to press for a special meeting of Allied."

Mr. Dennis said that the investment protection committee had received so many expressions of concern from pension fund managers that it was now taking soundings as to whether members wanted a special case committee to be established.

## Industrial logic

The first thing such a committee would do would be to seek a meeting with Mr. Keith Shawcross, chairman of Allied, to see if he "can reassure members" over the industrial logic of the bid.

Failing that, Mr. Dennis said, the next stage would be to see if sufficient members were prepared to requisition a special meeting of the company.

A special meeting must be held if shareholders representing more than 10 per cent of the votes ask for it. Between them the pension funds hold considerably more than this percentage of Allied's equity.

A spokesman for Allied said that the company had not been approached by any shareholders seeking reassurance over the bid.

He confirmed that the company did not intend to call a shareholders' meeting because the terms and nature of the bid did not necessitate a special meeting.

Allied has sufficient unauthorised capital to make the offer for Lyons without seeking shareholders' approval for further capital.

It also believes that a merger with Lyons represents an extension to its existing business and not a material change of direction. Finally, implementation of the bid would increase Allied's equity by only 14 per cent.

## THE LEX COLUMN

## Recovery to come at Carrington

The stock market quickly shrugged off the disappointing banking figures and both equities and long dated gilts moved ahead firmly yesterday. However although three month interbank rates have fallen by around 2 of a per cent since the release of special deposits last month, few are expecting an imminent cut in M.L.R.

## Carrington Viyella

Carrington Viyella's 36 per cent decline in first half pre-tax profits must have left a few analysts with red faces yesterday. The pre-tax figure of £4.8m is well below the lower range of most forecasts. But the message from Carrington is that all is not as bad as it may seem. First of all, these results are being compared with a period of good recovery during which trading profits rose by more than 50 per cent.

In addition, the group reports definite signs that increased levels of consumer spending are now beginning to show through in orders for products like shirts, outerwear and sheets. The recovery is most pronounced in lines closer to Carrington Viyella's retail customers (Marks and Spencer accounts for some 15 per cent of total sales) and is just about becoming traceable at the heavier end, in carpets.

The first half figures reflect flat trading levels across the board, and the overall volume of sales is probably down 3 to 4 per cent on last year. But the improving trading picture is enough for Carrington to suggest that second half sales should contribute better profits than the £2m recorded last year. This indicates that the full-year figure could be about £16m, and the same as last year. But thanks to Carrington's £10m share placing in April last year prospective earnings per share on a low tax charge would be down from 8p to 7p. Still, the shares look firmly placed at 38p on a prospective yield of about 9.1 per cent.

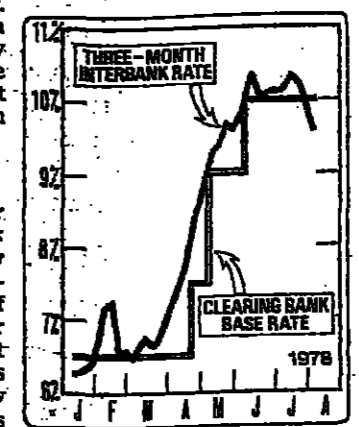
Smith's decision last year to denigrate the greater part of its gold-share dealings in dollars was another step to preserve its position in this international market. The management make it clear that overseas trading is now the basis of Smith's business, while profit at home is treated as a windfall.

Smith's experience is additional evidence that a competitive market in British shares now exists mainly thanks to subsidies from other activities, be they trading in gilts or overseas shares.

The Stock Exchange's apparent willingness to relax rules under which its membership trade foreign shares should provide extra financial support for London's unique way of trading.

Despite a decline in profit in the second half, the market was pleased with the £1.1m pre-tax reported by Smith Bros. The final result was 40 per cent up on the previous year and the share price rose

Index rose 9.2 to 516.2



## General Accident

Bad weather hit General Accident's underwriting results for six at the beginning of the year, but it has recovered very strongly in the second quarter. An underwriting profit of £2.3m in the latest three months cuts the half year deficit to £3.6m, and suggests that the group is on course for an underwriting breakeven in 1978 compared with last year's loss of £6.3m. In that case, its pre-tax profits could rise from £70.2m to £90m, or even a shade more.

Both the UK and the US contributed to the underwriting profit in the latest period. The trend may have been flattened slightly by the group's cautious treatment of storm damage in its first quarter figures. But motor business in the UK, which was looking a little worrying last year, is now back in profit and the performance of this line in the U.S. continues to improve. Like Commercial Union earlier in the week, the group guesses that profitability in the U.S. may be nearing a peak. But on current form there is no need to worry about the overall outlook for 1979.

Profits this year will probably not be high enough for General Accident to lift its dividend by any worthwhile amount, in excess of the general 10 per cent limit. So after yesterday's 5p rise to 240p, the prospective yield is a well covered 5.7 per cent, while the p/e could be about 6.

## Merchant banks

The merchant banks are victims of a vicious circle. In its latest evidence to the Wilson Committee, the Accepting Houses Committee argue that its members' profitability has declined substantially in real terms, and that between 1973 and 1976 retained earnings were insufficient to maintain the real value of the banks' free capital.

The committee reckons that its members' capacity to take on new business between 1972 and 1976 was reduced by £21bn. Given that the total advances of the accepting houses are no more than £2.9bn currently, they have obviously suffered. But their case would carry much more weight if they made a stab at producing inflation adjusted accounts.

## City plans guide to curb insider dealings

By Margaret Reid

THE CITY'S recently-formed watchdog body, the Council for the Securities Industry, is expected this autumn to issue guidance on curbing insider dealings.

The move, the Council's first public action, is likely to ban share deals by company directors and City advisers — such as merchant bankers — who have confidential information which could affect share prices. But it will not seek to lay down rules for other people who — as happens — happen to hear inside information and then carry out share transactions.

Insider trading is the use of confidential information by people in the know, such as directors and professional advisers, to make personal profits on share deals.

The Government recently published a draft Bill in outlaw dealings based on information so sensitive (likely "likely" "materially to affect the price" of the shares).

Under the Government's plan, tips which have knowingly received price sensitive confidential information would be prohibited from dealing. However, the date has been set for the Bill to come before Parliament, still less to become law. Meanwhile, public comment is being invited on the proposals.

The Stock Exchange last year issued a model code which would ban share deals by directors and employees with price-sensitive information and also put an embargo on any dealing in the shares by such people two months before yearly and half-yearly profit statements were due.

This is intended to be used as the model for house codes which will be required in a few months' time in all quoted companies.

The guidance on insider dealing expected to be promulgated by the council is being seen as a holding action providing some non-statutory rules applying throughout the City community and to directors of listed companies.

The council will study proposals for a legal ban and give its comment to the Government.

Work on the planned guidance is being carried out by a sub-committee set up at the council's first meeting on May 19 and chaired by Sir Alexander Johnston, former chairman of the Board of Inland Revenue who is deputy chairman of the council and the City Take-over Panel.

Continued from Page 1

## Dollar

estimated Government borrowing this year.

In contrast, the dollar was somewhat steadier in Tokyo against the Japanese yen and closed at ¥187.50 compared with ¥187.27 on the previous day, after a low of ¥186.40.

Dealers reported comparatively little intervention by central banks in any of the major markets, though there could have been some smoothing operations towards the close.

Sterling was noticeably firmer yesterday, not only against the dollar but also compared with the stronger European currencies such as the D-mark. The result was that the trade-weighted index rose by 0.3 to 62.4.

The pound closed 11 cents higher against the dollar at \$1.9490 after a peak of \$1.9535. This was touched after lunch when there was apparently heavy demand from the Continent.

The authorities in London appear to be mainly concerned with ensuring that the trade-weighted index stays at roughly around its current level for the time being. This index has risen by much less than the rate against the dollar in recent weeks.

## Israeli Cabinet to meet on summit stance today

BY DAVID LENNON

ISRAEL today began a reassessment of its negotiating policy in preparation for the tripartite Middle East summit meeting at Camp David with the Presidents of Egypt and the U.S.

A senior American official was reporting this evening to Israel on the Egypt-U.S. meeting in Alexandria at which President Anwar Sadat of Egypt agreed to participate in the summit called by President Carter in an effort to rescue the floundering Middle East peace negotiations.

The Israeli Cabinet will meet tomorrow morning in special session to begin planning Israel's position at next month's crucial meeting which could determine the future of the Middle East.

Surprised by President Sadat's swift agreement to the summit, Mr. Menachem Begin, Israel's Prime Minister, has ended the holiday which he started on Tuesday.

This evening, he headed an Israeli Ministerial team which heard the report of Mr. William Quandt, U.S. National Security Council, on the meeting between Mr. Cyrus Vance, U.S.

Secretary of State, and President Sadat, in Alexandria.

Even though Israel refused to make any new concessions during the talks with Mr. Vance in Jerusalem on Sunday, the Government is aware that it will have to present some new ideas at Camp David if it is to avoid being blamed if the talks fail to produce progress towards the peace settlement.

The coming weeks will see intensive American activity to prepare the ground for successful talks in Washington. Israel is aware that the prestige of the U.S. President hangs on the successful outcome of the meeting.

Officials today praised the role of the U.S. in getting the negotiations re-started, despite President Sadat's earlier refusal to meet unless Israel agreed in advance to quit the occupied territories.

At the same time, it was stressed that the two main parties to the talks were Egypt and Israel and that, if possible, problems should be solved between them without outside help. This was a clear indication of Israel's

concern that the U.S. may put forward its own peace plan and try to impose it on the parties.

No agenda has yet been set for the summit, and Israel is concerned that the U.S. may try to return to the idea of a declaration of principles for a Middle East peace agreement. In the past, this has contained the concept of eventual total Israeli withdrawal from the West Bank, something which the Government is not prepared to do.

Israel is likely to prepare its own position on a declaration of principles and possible alternatives to U.S. proposals which may be made. This reflects a seriousness with which Israel views the possibility that President Sadat will try to place the blame for any breakdown on Israeli intransigence.

The Government believes that Israel can still find a formula which will enable it to appear flexible on the issue of the West Bank, without actually committing itself to withdrawal from the occupied territory.

TEL AVIV, August 9.

## Central borrowings likely to be near Budget forecast

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CENTRAL Government spending and revenue figures for the first four months of the financial year suggest that borrowing is likely to be much nearer the level forecast in the budget than in the past two years.

This confirms the general City view that there will be no repetition of the events of 1977-78 when it became apparent by the autumn that a large headroom existed below the Government's borrowing ceiling, allowing further tax cuts.

At present it looks as though any margin will be much smaller in 1978-79 and anyway not apparent till rather later.

The Treasury announced yesterday that the central Government borrowing requirement between April and July amounted to £2.51bn, compared with £1.52bn in the same period last year.

This represents a rise of 64.3 per cent, compared with an increase of 78.7 per cent to £2.94bn forecast for the full 12 months in the budget.

In July, the central Government repaid an estimated £81m, compared with a repayment of

£213m in the same month last year. July is traditionally a month of heavy tax payments though comparison with a year ago is affected by changes in the borrowing pattern.

Consolidated fund revenue for the first four months of the financial year was 91 per cent higher than a year ago, compared with a rise of around 104 per cent forecast for the full year in the Budget.

This is because of the difference in the timing of implementing the tax cuts and rebates which have come earlier in this year than in 1977. The figures should come more into line in the autumn.

Consolidated fund expenditure so far in 1978-79 is 181 per cent higher than a year ago, compared with the rise of 18.8 per cent forecast for the full year in the Budget.

Spending on the main programmes is, however, in line with forecasts and the difference is explained by higher outlays on the service of the national debt. This in turn is partly accounted for by alterations in timing.

There have been changes in the pattern of borrowing by nationalised industries and local authorities. This makes it difficult to estimate what is happening to the borrowing requirement of the public sector as a whole, which differs from that of central government by also including loans from the market.

Nationalised industries, for example, have borrowed a net £272m more than a year ago in spite of substantial repayments by the British Gas Corporation, reflecting its large profits.

This may be partly because nationalised industries have been financing their early repayments to the market of overseas loans by borrowing from central government.

In contrast, borrowing by local authorities over the first four months fell by £810m. It is not yet clear how far this represents a switch from central government to borrowing from the money market on interest rate grounds or indicates a reduction in their overall level of debt. This is crucial for estimates of public sector borrowing.

## Clyde dockyard men suspended

BY PHILIP BASSETT, LABOUR STAFF

NAVAL BASES on the Clyde came to a standstill yesterday after some 200 dockyard workers were suspended without pay for refusing to work on the Polaris submarine HMS Resolution, which has been blacked in support of a national pay claim by 183,000 industrial civil servants.

Talks to try to settle the pay dispute, which falls under the Government's Phase Three guidelines, will be held in London today. Union leaders will meet Lord Peart, Lord Privy Seal, and other senior Ministers, to discuss the Government's 10 per cent offer.

Shop stewards at the Clyde-side bases said last night that Navy personnel had started work to prepare the Resolution for sea. The 2,500 workers at the bases had all stayed to finish their shifts after the 200 crane drivers and stores staff were suspended, though all work at the bases had been blacked.

The dockyard workers will turn up at the three bases of Faslane, Coulport and Arrochar today and will be asked to work on the Resolution. They are expected to refuse.

They will then be suspended without pay again, and the rest of the workforce will down tools and sit in at the base until their

shifts end. Shop stewards do not expect the work force to be locked out.

It was originally given an ultimatum for work to start on the Resolution by 5 pm on Tuesday by Mr. Neil MacEacharn, Commodore of the base, though this was later deferred until midday yesterday.

At a meeting yesterday morning, the shop stewards decided unanimously to recommend that the blacking should stay in force, and mass meetings unanimously backed the decision.

Mr. MacEacharn then told shop stewards that if normal working was not resumed by 3 pm yesterday, employees refusing to work would be taken off pay and replaced by naval personnel.

The shop stewards asked that the decision be deferred until the outcome of today's talks in London, but Mr. MacEacharn said he had received his orders and the suspensions would go ahead.

The Ministry of Defence said it was normal civil service practice to take employees off pay if they refused to do any piece of work. They would be asked again on a daily basis, and their jobs would not be affected immediately.

Workers at the nearby fuel depot of Old Kilpatrick have

promised support for the dockyard workers. No fuel normally used for yard boats and for some yard machinery will be delivered.

Dockyard workers at Rosyth, where two other Polaris submarines, the Renown and the Repulse, are also being blacked, have had no similar orders, but are likely to support the Clyde workers. Some union officials feel that a similar position could build up there.

Two weeks ago, Mr. Fred Mulley, Defence Secretary, closed the Clyde bases and ordered the Navy in to prepare for sea the fourth blacked Polaris submarine, HMS Revenge, to relieve the Resolution.

Yesterday, Portsmouth dockyard workers blacked the frigate HMS Falmouth in support of the claim. Navy men broke the workers' overtime ban to slip the ship's moorings at the weekend to release it for traditional guardship duties at the Cowes regatta.

The Falmouth now needs minor but urgent repairs, and because the dockyard workers are refusing to work on the ship if it returns to Portsmouth, it will go instead to civilian docks at Southampton.

## Weather

## UK TODAY

MOSTLY dry, sunny intervals; cloud in W. later.

London, S.E. England, E. Anglia, Cent. S. England

Showers, becoming dry sunny intervals. Max. 19C (66F).

Midlands, Channel Isles, S.W., Cent. N. England

Cloudy, sunny intervals. Max. 18C (64F).

E. N.E. England, Borders, Edinburgh, Dundee, Aberdeen

Dry sunny intervals. Max. 16C (61F).

Wales, N.W. England, Lakes, I. of Man, S.W. Scotland, Glasgow, S. Scotland, Highlands

Sunny intervals, cloudier later. Max. 19C (66F).

N.E. Scotland, Orkney, Shetland

Cloudy, sunny intervals. Max. 18C (59F).

Argyll, N.W. Scotland

Sunny intervals, perhaps rain later. Max. 18C (61F).

N. Ireland

Sunny intervals, perhaps rain later. Max. 19C (66F).

Outlook: Rain, sunny intervals.

## BUSINESS CENTRES

Location	Y'day	Today	Y'day	Today
Amsterdam	F 18	18	18	18
Antwerp	F 18	18	18	18
Basel	F 18	18	18	18
Bombay	F 18	18	18	18
Buenos Aires	F 18	18	18	18
Calcutta	F 18	18	18	18
Canton	F 18	18	18	18
Cebu	F 18	18	18	18
Hankow	F 18	18	18	18
Hong Kong	F 18	18	18	18
Kobe	F 18	18	18	18
London	F 18	18	18	18
Lyons	F 18	18	18	18
Manila	F 18	18	18	18
Medan	F 18	18	18	18
Osaka	F 18	18	18	18
Paris	F 18	18	18	18
Rangoon	F 18	18	18	18
San Francisco	F 18	18	18	18
Singapore	F 18	18	18	18
Sourabaya	F 18	18	18	18
Tokyo	F 18	18	18	18
Yokohama	F 18	18	18	18

## HOLIDAY RESORTS

	Y'day mudday:		Y'day poidday:	
	C °F	C °F	C °F	
Alaccio	S 25	77 Jersey	C 17	63
Alcorn	S 25	77 Las Pms.	C 15	57
Alcorn	S 25	76 New York	C 15	57
Batavia	C 15	59 Luxor	S 41	106
Bordeaux	C 20	68 Majorca	S 41	106
Boston	R 16	61 Malaga	S 26	78
Caracas	S 23	73 Manila	S 26	78
Caracas	S 23	73 Mexico	S 26	78
Farm	S 23	73 Nice	S 24	72
Flornice	S 23	68 Oporto	S 22	70
Gibraltar	S 23	73 Rhodes	S 26	78
Hermes	S 23	73 Salzburg	C 18	64
Induruck	F 17	63 Tangier	C 18	64
Inverness	C 12	54 Tunis	S 27	81
Isle of Man	S 24	77 Valencia	S 22	70
Jamail	S 31	88 Venice	S 22	70

F-Fair, C-Cloudy, R-Rain